Case 21-03004-sgj Doc 111-12 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22 File**

Case 3.21-CV-00001-A Documentalibit-22	mayeullusivas Page 1 01 200 Page 10 35402
Page 34 1 BURGER	Page 35
2 A. That's correct.	2 related-party relationships and transactions.
3 Q. Okay. If we could just scroll down	3 Q. If we can go to page 30, please, and
4 to the bottom of the page. Little further,	4 just scroll straight down so Mr. Burger can see
5 yeah, right there.	5 what he's got front of him, if we can go to
6 Do you see there is a reference that	6 page 30.
1	7 Page 30 has a subheading to note 9
7 says, quote, the accompanying notes are an	
8 integral part of these consolidated financial	
9 statements, closed quote?	9 affiliates. Do you see that?
10 A. Ido.	10 A. Correct.
11 Q. What does that mean?	11 Q. Okay. And do I have it –
12 A. That is to draw the attention for	12 withdrawn.
13 the reader of not reading this page in a	Highland prepared all of the
14 stand-alone basis, because there are further	14 information that is set forth in this section
15 explanations required to the amounts in the	15 of note 9; is that correct?
16 footnotes.	16 MR. AIGEN: Objection, form.
17 Q. Okay. Let's go to page 28 of the	17 A. I did.
18 document. Okay. Do you see that there is a	18 Q. Is it fair to say that this portion
19 Section 9 entitled related party transactions?	19 of note 9 is intended to describe obligations
20 A. I do.	20 due to the debtor by affiliates?
21 Q. And can you describe for me your	21 MR. AIGEN: Objection, form.
22 understanding of why there is a note dedicated	22 A. That's correct.
23 to related party transactions?	23 Q. Let me ask a different question to
24 A. It is a GAAP requirement for	24 deal with Michael's objection.
25 financial statements to disclose material	25 Can you tell me, Mr. Burger, what
Page 36	Page 37
1 BURGER	1 BURGER
2 information is conveyed in the section called	2 Q. Okay. Did management ever tell PwC
3 notes and other amounts due from affiliates?	3 at any time prior to June – withdrawn.
4 MR. AIGEN: Objection, form.	4 Did management ever tell PwC at any
5 MR. WANDER: You can answer.	5 time prior to PwC's signing off on the audited
6 A. I can answer, sorry.	6 financial statements for 2017 that there was
7 The purpose of this footnote is to	7 anything inaccurate about this section of the
8 strike out out — because if you look at the	8 notes?
9 balance sheet you just see notes and you have	9 MR. AIGEN: Objection, form.
10 no idea who that is from, which amounts and	10 A. They did not.
11 what the basic terms are.	11 Q. Each of the paragraph ends with a
12 Q. Is it your understanding that this	12 sentence that may differ only in as to whether
13 section of note 9 sets forth the amounts due	13 it is singular or plural, but it says quote,
14 and owing by each affiliate as of December	14 the fair value of the partnership's outstanding
15 31st, 2017?	15 notes receivable approximates the carrying
16 A. That's correct.	16 value of the notes receivable. Do you see
17 Q. And are the amounts included – are	17 that?
18 those amounts included in the line item that we	
19 just looked at in the balance sheet called	19 Q. And we can scroll down a little bit
20 notes and other amounts due from affiliates?	20 just so you can – you have got the document in
L.Z. /\ L.OMOOT	21 front of you. I would just ask you to confirm
21 A. Correct.	
22 Q. Do you know who calculated the	22 that each paragraph ends with the same sentence
Q. Do you know who calculated theamounts due and owing by each affiliate as of	that each paragraph ends with the same sentenceexcept for the last paragraph. And does it,
Q. Do you know who calculated the amounts due and owing by each affiliate as of December 31st, 2017?	that each paragraph ends with the same sentenceexcept for the last paragraph. And does it,sir?
22 Q. Do you know who calculated the 23 amounts due and owing by each affiliate as of	that each paragraph ends with the same sentenceexcept for the last paragraph. And does it,

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1 BURGER 2 that section of the notes except the paragraph 3 starting on December 21st, 2015. 4 Q. Do you have an understanding of what 5 that sentence means? 6 A. That sentence means that these notes 7 are per GAMP, the notes are supposed to be 8 recorded at fair value and the assertion's 9 that the carrying value is considered a 10 principal and interest the under the 10 notes? 11 Q. I'm sorry, what is fair value in 12 this context. 12 this context? 13 A. Fair value of all assets would be 14 what you consider to be the reasonable value 15 for exchange of the asset. 16 Q. And then what is the carrying value? 17 All the limited from the carrying value? 18 A. Carrying value is the carrying value? 19 A. Carrying value is the carrying value? 20 annual. In other words, whatever their loan 21 pius accused interest immus payments. And fair 22 value is — is becalled the fair value of the 23 sentence is staing that the fair value of the 24 approximate is existing that the fair value of the 25 sentence is staing that the fair value of the 26 approximate of reasonable proxy for carrying 27 value is — is sectionly the concept of this 28 sentence is staing that the fair value of the 29 principal and interest time under the 30 of 30 of 31? 3 Q. Is it fair to say that when the 41 audit — withdrawn. 41 audit — withdrawn. 42 for 2017, did PwC Raw any reason to discount 43 for 2017, did PwC Raw any reason to discount 44 the fair to say that when the 45 for 2017, did PwC Raw any reason to discount 46 for withdrawn. 47 All the limited the many reason to discount 48 for 2017, did PwC Raw any reason to discount 49 for 2017, did PwC Raw any reason to discount 49 for 2017, did PwC Raw any reason to discount 40 for 2017, did PwC Raw any reason to discount 40 for 2017, did PwC Raw any reason to discount 41 for 2017 and PwC Raw any reason to discount 42 for 2017, did PwC Raw any reason to discount 43 for 2017, did PwC Raw any reason to discount 44 (Enhibit 3 marked.) 55 which is note 16. Do you see that? 56 or 2018 for 2017 workpapers, i		Case 3.21-CV-00001-A DUCUITION ALLIUM-42 II	IIora	rage 2 of 200 Tage D 334	00
2 that section of the notes except the paragraph 3 starting on December 21st, 2015. 3 this protion of note 9, the debtors' financial 4 0. Do you have an undestanding of what 5 that sentence means? 6 A. That sentence means that these notes 7 are per GAAP, the notes are supposed to be 8 recorded at fair value and the assertion is 9 that the carrying value is considered a 10 reasonable proxy for fair value. 11 Q. Imany, what is fair value in 12 this contex? 12 this contex? 13 A. Fair value of all assets would be 14 what you consider to be the reasonable value 15 for exchange of the asset. 16 Q. And then what is the carrying value? 17 How does that differ from the carrying value? 18 A. Carrying value is the major value? 19 pus account interest minus payments. And fair 20 value is – is basically the concept of this 21 sentence is stalling that the fair value of the 22 value in its (naudition) 23 value in its institution. 24 The words, whatever their loan 25 value in its (naudition) 26 The words, whatever their loan 27 pus account interest minus payments. And fair 28 value in its (naudition) 29 value in its (naudition) 20 Q. Okay. What is this section intended 20 Q. Okay. What is this section intended 30 capital? 4 DERGER 4 A Correct. 5 A. This is supposed to capture any 5 significant marterial events that occurred after 5 the balance shet that requires accounted after 6 the balance shet that well bedought in a part of the part of the carrying 24 the balance shet that well bedought in a part of the	1		1	BURGER	Page 39
3 starting on December 21st, 2016. 4	2				
4 statements - withdrawn. 5 that sentence means? 5 that sentence means that these notes 7 are per GAAP, the notes are supposed to be 8 recorded after value and the assertion is 9 that the carrying value is considered a 10 reasonable proxy for fair value. 11 Q. In rowry, what is fair value in 12 this context? 12 this context? 13 A. Fair value of the promissory notes from the 14 what you consider to be the reasonable value 15 for exchange of the asset. 16 Q. Another what is the carrying value? 17 How does that differ from the carrying value? 18 A. Carrying value is the - is a 19 contextual, is the term of the contractual 20 amount. In other words, whatever their loan 21 plus account interest minus payments. And fair 22 value in its (insudible). 21 BURGER 21 BURGER 22 A. Correct 2 Q. Okay. What is this section intended 24 approximate or reasonable proxy for carrying 25 value in its (insudible). 26 Department of the capture any 26 significant material events that occurred after 27 the balance sheet that requires disclosure. 28 Q. And its the information described 3 Dus accord the information is essentially asserted to require a disclosure. 4 Dus accord of the capture any 5 A. This is supposed to capture any 5 Significant material events that occurred after 6 The balance sheet that requires disclosure. 4 D. Carrying value is the information described 9 here information that was provided by Highland 10 Captail? 1 A. Yesh, correct, by management. 1 A. Yesh, correct, by management. 1 A. Yesh, correct, by management. 1 A. Ido. 1 This section notes that Mr. Dondero 1 Suspinior and the phrases 2017 rown paper and in connection with the 2017 audit as it pertains 1 and the provision are not included 1 in the balance sheet that two looked at earlier 1 and the provision are not included 1 in the balance sheet that two looked at earlier 1 business and the provision are not included 1 in the balance sheet that two looked at earlier 1 business and the provision are not included 1 in the balance sheet that two looked at earlier 1	3			•	
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6 A That sentence means that these notes 7 are per GAAP, the notes are supposed to be 8 recorded at fair value or the sensetion is 9 that the carrying value is considered a 10 reasonable growy for fair value. 11 Q. I'm sorry, what is fair value in 12 this context? 12 this context? 13 A Fair value of all assets would be 14 what you consider to be the reasonable value 15 for exchange of the asset. 16 Q. And then what is the carrying value? 16 Q. And then what is the carrying value? 17 How does that differ from the carrying value? 18 A Carrying value is the - is a 19 contractual, is the term of the contractual 20 amount. In other words, whatever their load 21 amount. In other words, whatever their load 22 value is - is basically the concept of this 23 entence is stating that the fair value of the 24 approximate or reasonable proxy for carrying 25 value in its (inaudible). Page 40 1 BURGER 2 A Correct. 2 A Correct. 2 A This is supposed to capture any 2 significant material events that occurred after 2 The balance sheet that requires disolosure. 3 C Apit with this section intended 4 to capture? 4 This is supposed to capture any 5 significant material events that occurred after 7 The balance sheet that requires disolosure. 4 Q. All right. I've put up on the 5 screen what I believe are PWC's workpapers in 6 screen what I believe are PWC's workpapers in 7 connection with the 2017 audit as the partains 8 to notes and other amounts due from with 14 the amount of \$11.7 million in 2018. Do you 14 the amount of \$11.7 million in 2018. Do you 15 seed fair. 16 A 1do. 17 Q. Those obligations are not included 18 in the balance sheet that twe looked at earlier 19 for the period ending December 31st, 2017; 20 correct? 20 Q. The notes issued by Mr. Donden are 21 A Correct. 22 Q. The notes issued by Mr. Donden are 23 throng material subsequent event that PwC was 24 informed about its that correct; 25 A This is usupposed to capture any 26 is that an accurate way to described in connection with 19 the particular document? 11 A Yes,					
7 air value of the promissory notes from the serious process of the recorded at fair value and the assertion is 8 affiliates was approximately equal to the 9 principal and interest their due under the 10 notes? 10 notes? 11 MR. AlGEN: Objection, form. 12 this context? 12 A. Tharfs correct. 13 A. Fair value of all assets would be 14 what you consider to be the reasonable with the order of the what you consider to be the reasonable value 15 for exchange of the asset. 15 Is it fair to say that when the 14 what you consider to be the reasonable value 15 for exchange of the asset. 15 Is it fair to say that when the 14 what you consider to be the reasonable value 16 what you consider to be the reasonable value 17 At the time the audit was completed 18 A. Carnying value? 16 who does that offer from the carnying value? 17 At the time the audit was completed 18 for 2017, did PwC have any reason to discount 19 the value of any of the notes described on page 20 amount. It other words, whatever their bean 20 30 or 31? 21 Value is 1- shearily the control of the 23 if you soroll down a little bit you will see 24 approximate or reasonable proxy for carnying 24 there is a section entitled subsequent events 24 value is 1- shearily that the fair value of the 24 approximate or reasonable proxy for carnying 24 there is a section entitled subsequent events 25 which is note 16. Do you see that? 20 Capture? 2 Q. Okay. What is this section intended 10 capture? 2 Q. Okay. What is this section intended 10 capture? 2 Q. Okay. What is this section intended 10 capture? 3 Q. Nad is the information described 2 Q. Okay. What is this section intended 3 Q. Okay. What is this section intended 4 to capture? 3 Q. Okay. What is this section intended 4 to capture? 4 Q. Dissect that requires disclosure. 15 Q. All right. It we put up on the 6 segment and the amount of \$11.7 million in 2018. Do you 18 Seath and accurate way to describe this 10 particular to what the 2017 audit? 19 Capture 19 Q. This section notes that Mr. Dondero 3 Sist. 2017; 20 Q. Th			_	•	
8 recorded at fair value and the assertion is 9 that the carrying value is considered a 1 principal and interest then due under the 1 notes? 10 notes? 11	7		7		
9 that the carrying value is considered a 19 principal and interest then due under the 11	'		0	•	
10 reasonable proxy for fair value. 11 this context? 12 this context? 13 A Fair value of all assets would be 14 what you consider to be the reasonable value 15 for exchange of the asset. 16 O And then what is the carrying value? 17 How does that differ from the carrying value? 18 A Carrying value is the — is a 19 contractual, is the term of the contractual 20 amount. In other words, whatever their loan 21 plus accorded interest minus payments. And fair 22 value is — is basically the concept of this 23 sentence is staing that the fair value of the 24 approximate or reasonable proxy for carrying 25 value in its (inaudible). 26 Page 40 27 BURGER 28 A Correct. 29 Okay. What is this section intended 40 to capture? 41 BURGER 42 A Correct. 42 Q. Let's go to the 2017 workpapers, if 43 BURGER 44 This is supposed to capture any 45 significant material events that occurred after 45 to capture? 46 to capture? 47 the balance sheet that requires disclosure. 48 Q. And is the information described 49 per information that was provided by Highland 40 Capital? 40 A Yeah, correct, by management. 41 A Yeah, correct, by management. 42 Q. This section notes that Mr. Dondero 43 is the consideration of the partnership in 44 the amount of \$11.7 million in 2018. Do you 54 see that? 55 A Insi's correct. 56 Q. This section onces that Mr. Dondero 57 G. This section onces that Mr. Dondero 58 see that? 59 See that? 50 Q. This section of the was provided by Highland 50 Capital? 50 Q. This section of the was provided by Highland 51 Groved? 51 A Yeah, correct, by management. 52 G. This section of the strain of the correct? 53 G. Q. The notes issued by Mr. Dondero are 54 to represent the fair value of the partnership in 55 G. Q. This exciton of the strain of the correct? 56 Q. The notes issued by Mr. Dondero are 57 the period ending December 31st, 2017; 58 good from the carrying and the correct? 59 See that? 50 Q. The notes issued by Mr. Dondero are 50 the reformation about its that correct? 50 Correct? 51 A This's correct. 51 A This's correct. 5	0			• •	
11 Discontex? 12 this contex? 13 A. Fair value of all assets would be 14 what you consider to be the reasonable value 15 for exchange of the asset. 16 O. And then what is the carrying value? 17 How does that differ from the carrying value? 18 A. Carrying value is the — is a 19 contractual, is the term of the contractual 20 contractual, is the term of the contractual 21 amount. In other words, whatever their loan 22 value is — is a basically the contractual 23 sentence is stating that the fair value of the 24 approximate or reasonable proxy for carrying 24 there is a section entitled subsequent events 25 value is — is a basically the contexposition intended 4 to capture? 4 DENGER 4 Correct. 2 A. Correct. 3 Q. Okay. What is this section intended 4 to capture? 4 to balance sheet that requires disclosure. 5 A. This is supposed to capture any 6 Significant material events that occurred after 7 the balance sheet that requires disclosure. 9 A. Yeah, correct, by management. 10 Captal? 11 A. Yeah, correct, by management. 12 Q. This section notes that Mr. Dondero 13 is suel promissory notes to the partnership in 14 the amount of \$11.7 million in 2018. Do you 15 see that? 16 A. Ido. 17 A. That's correct. 18 A. Carried. 19 the value of any of the notes described on page 30 or 31? 21 pus accrued interest minus payments. And fair 22 Q. Okay. Can we go to page 41, please. 23 if you scroll down a little bit you will see 24 there is a section entitled subsequent events 25 which is note 16. Do you see that? 26 Q. Action the add not. 27 pus accrued interest minus payments. 28 pus accrued in the fair value of the 29 page 41 20 Q. Okay. What is this section intended 30 Q. And is the information described 41 to capture? 42 (Schibila 3 marked.) 43 value is — is pust upon the 44 (Schibila 3 marked.) 45 Q. Ali right. Tye put upon the 46 screen what I believe are PwC's workpapers in 47 connection with the 2017 audit as it pertains 48 to notes and earlier of the financial of the financial of the particular document? 49 pus described in t	10	• •			
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A Fair value of all assets would be 4 what you consider to be the reasonable value 5 for exchange of the asset. 6 Q. And then what is the carrying value? 7 How does that differ from the carrying value? 8 A. Carrying value is the -is a 9 contractual, is the term of the contractual 19 contractual, is the term of the contractual 19 plus accrued interest minus payments. And fair 20 value is - is besically the concept of this 21 a We did not. 22 value is - is besically the concept of this 23 sentence is staining that the fair value of the 24 approximate or reasonable proxy for carrying 25 value in its (inaudible). 26 Page 40 1 BURGER 2 A. Correct. 2 Q. Let's go to the 2017 workpapers, if 3 Q. Okay. What is this section intended 4 to capture? 4 to capture? 5 A. This is supposed to capture any 5 gunificant material events that occurred after 7 the balance sheet that requires disclosure. 8 Q. And is the information described 9 here information that was provided by Highland 10 Captial? 1 A Yeah, correct, by management. 10 Q. This section notes that Mr. Dondero 11 A Yeah, correct, by management. 12 Q. This section notes that Mr. Dondero 13 issued promissory notes to the partnership in 14 he amount of \$11.7 million in 2018. Do you 15 see that? 16 A I do. 17 The hadrone sheet that we looked at earlier 18 for exchange and the securical in the privace "2017" and when I use the phrase "2017" and with the 2017 audit by a large and in our file. 19 for the period ending December 31st, 2017; 20 These obligations are not included 10 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 The notes issued by Mr. Dondero are 21 the notes issued by Mr. Dondero are 22 the residence of the adventishing in the factorred? 23 when the adventishing in the factorred? 24 A. Who prepared it? 25 A. The oreset is selected that well that the prepared it in formed this particular 26 document? 27 A. Who prepared it is particular 28 the residual that the prepa		-			
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9 here information that was provided by Highland 10 Capital? 11 A. Yeah, correct, by management. 11 A. Yesh, correct, by management. 12 Q. This section notes that Mr. Dondero 13 issued promissory notes to the partnership in 14 the amount of \$11.7 million in 2018. Do you 15 see that? 16 A. I do. 17 Q. Those obligations are not included 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 That's correct. 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 21 Informed about, is that correct? 29 Is that an accurate way to describe this 20 particular document? 20 particular document? 20 particular document? 21 A. Wes, it would be a workpaper that we 21 A. Wes, it would be a workpaper that we 22 Informed about, is that correct? 23 Is that an accurate way to describe this 24 A. Who prepared in connection with 25 particular document? 26 Informed about, is that correct? 27 A. Who prepared in connection with 28 In the 2017 audit? 28 Informed about, is that correct? 30 Is that an accurate way to describe this 30 particular document? 31 A. Yes, it would be a workpaper that we 31 A. Yes, it would be a workpaper that we 32 In a connection with 33 Q. Was it prepared in connection with 34 the 2017 audit? 34 A. Correct. 35 A. Yes, this one was. 46 A. Yes, this one was. 47 A. Yes, it would be a workpaper that we 48 in the 2017 audit? 48 The 2017 audit? 49 In the 2017 audit? 40 A. Yes, it would be a workpaper that we 49 A. Who prepared in connection with 40 A. Yes, it would be a workpaper that we 40 A. Yes, it would be a workpaper that we 40 A. Yes, it would be a workpaper that we 41 A. Yes, it would be a workpaper that we 41 A. Yes, it would be a workpaper that we 42 A. Correct. 43 A. Correct. 44 A. Who prepared if?	7	the balance sheet that requires disclosure.	7	connection with the 2017 audit as it pertains	
10 Capital? 11 A. Yeah, correct, by management. 12 Q. This section notes that Mr. Dondero 13 issued promissory notes to the partnership in 14 the amount of \$11.7 million in 2018. Do you 15 see that? 16 A. I do. 17 Q. Those obligations are not included 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 Correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 10 particular document? 11 A. Yes, it would be a workpaper that we 12 retain in our file. 13 Q. Was it prepared in connection with 14 the 2017 audit? 15 A. Yes, this one was. 16 Q. And when I use the phrase "2017 17 audit," I'm specifically talking about the 18 audit that was prepared for the financial 19 statements for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 the only material subsequent event that PwC was 24 informed about; is that correct? 24 A. Who prepared it?	8	Q. And is the information described	8	to notes and other amounts due from affiliates.	
A. Yeah, correct, by management. 11 A. Yes, it would be a workpaper that we 12 retain in our file. 13 issued promissory notes to the partnership in 14 the amount of \$11.7 million in 2018. Do you 15 see that? 16 A. I do. 17 Q. Those obligations are not included 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 10 Q. This section notes that Mr. Dondero are 11 A. Yes, it would be a workpaper that we 12 retain in our file. 13 Q. Was it prepared in connection with 14 the 2017 audit? 15 A. Yes, this one was. 16 Q. And when I use the phrase "2017 17 audit," I'm specifically talking about the 18 audit that was prepared for the financial 19 statements for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 the only material subsequent event that PwC was 24 A. Who prepared it?	9	here information that was provided by Highland	9	Is that an accurate way to describe this	
12 retain in our file. 13 issued promissory notes to the partnership in 14 the amount of \$11.7 million in 2018. Do you 15 see that? 16 A. I do. 17 Q. Those obligations are not included 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 That's correct. 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 20 Was it prepared in connection with 12 retain in our file. 13 Q. Was it prepared in connection with 14 the 2017 audit? 15 A. Yes, this one was. 16 Q. And when I use the phrase "2017 17 audit," I'm specifically talking about the 18 audit that was prepared for the financial 19 statements for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?	10	Capital?	10	particular document?	
13 Q. Was it prepared in connection with 14 the amount of \$11.7 million in 2018. Do you 15 see that? 16 A. I do. 16 Q. And when I use the phrase "2017 17 Q. Those obligations are not included 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 That's correct. 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 18 Q. Was it prepared in connection with 14 the 2017 audit? 15 A. Yes, this one was. 16 Q. And when I use the phrase "2017 17 audit," I'm specifically talking about the 18 audit that was prepared for the financial 19 statements for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?	11	A. Yeah, correct, by management.	11	A. Yes, it would be a workpaper that we	
the amount of \$11.7 million in 2018. Do you 14 the 2017 audit? 15 see that? 16 A. I do. 16 Q. And when I use the phrase "2017 17 audit," I'm specifically talking about the 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 25 A. Who prepared it?	12	Q. This section notes that Mr. Dondero	12	retain in our file.	
15 see that? 16 A. I do. 16 Q. And when I use the phrase "2017 17 Q. Those obligations are not included 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 15 A. Yes, this one was. 16 Q. And when I use the phrase "2017 17 audit," I'm specifically talking about the 18 audit that was prepared for the financial 19 statements for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?	13	issued promissory notes to the partnership in	13	Q. Was it prepared in connection with	
15 see that? 16 A. I do. 16 Q. And when I use the phrase "2017 17 Q. Those obligations are not included 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 16 Q. And when I use the phrase "2017 audit," I'm specifically talking about the audit that was prepared for the financial 18 audit that was prepared for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?	14	the amount of \$11.7 million in 2018. Do you	14	the 2017 audit?	
17 Q. Those obligations are not included 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 19 statements for the fiscal year ending December 20 correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 21 audit," I'm specifically talking about the audit that was prepared for the financial 3 statements for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?	15		15	A. Yes, this one was.	
 18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 18 audit that was prepared for the financial 20 statements for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it? 	16	A. Ido.	16	Q. And when I use the phrase "2017	
18 in the balance sheet that we looked at earlier 19 for the period ending December 31st, 2017; 20 correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 28 audit that was prepared for the financial 29 statements for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?	17	Q. Those obligations are not included	17	audit," I'm specifically talking about the	
19 for the period ending December 31st, 2017; 20 correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 29 statements for the fiscal year ending December 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?	18	in the balance sheet that we looked at earlier	18		
20 correct? 21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 20 31st, 2017. Do you understand that? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?	19	for the period ending December 31st, 2017;		• •	
21 A. That's correct. 22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 21 A. Correct. 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?	20				
22 Q. The notes issued by Mr. Dondero are 23 the only material subsequent event that PwC was 24 informed about; is that correct? 22 Q. Okay. Who prepared this particular 23 document? 24 A. Who prepared it?					
23 the only material subsequent event that PwC was 24 informed about; is that correct? 23 document? 24 A. Who prepared it?					
24 informed about; is that correct? 24 A. Who prepared it?		•		, , , , ,	
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Case 21-03004-sgj Doc 111-12 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Exhibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Exhibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Exhibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Exhibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Exhibit-12 Filed 01/06/22 Filed 01/06/24 Filed 01/06/25** Page 3 of 200 PageID 35464

	mayeursus/29 Page 3 01 200 Page 10 33404
Page 42 1 BURGER	Page · 1 BURGER
2 A. Sorry, Hilda Garcia.	2 this type in the ordinary course of its
3 Q. Hilda Garcia, is she employed by	3 business?
4 PwC?	4 A. We do.
5 A. She is.	5 Q. And did PwC prepare this particular
6 Q. And what is her title?	6 workpaper in the ordinary course of its
7 A. She is a senior associate now. She	7 preparation of Highland's 2017 audit?
8 would have been a senior associate back then as	8 A. We did.
9 well.	9 Q. Okay. Can we go to the tab that is
10 Q. Does she report to you or to	10 marked as detailed, if you look at the bottom?
11 somebody else?	11 Do you have that, sir?
12 A. She reports to me.	12 A. Yes, I have.
13 Q. And are you responsible for	13 Q. Is that tab intended to list all of
14 overseeing Ms. Garcia's work?	14 the – of the notes and other amounts due from
15 A. Iam.	15 affiliates that were outstanding at the end of
16 Q. And what is the purpose of this	16 the fiscal year?
17 document?	17 A. Correct.
18 A. The purpose of this document is to	18 Q. And is this information — where did
19 layout what are the amounts that makes up the	19 PwC get the information that is set forth on
20 line item that is on the balance sheet of	20 the detail tab?
21 HCMLP. And then the audit procedure is	21 A. It is from management from the trial
22 performed to gain comfort over those – the	22 balance.
23 existence of those amounts based on	23 Q. For the record, can you just tell me
24 materiality.	24 what a trial balance is?
25 Q. And did PwC prepare workpapers of	25 A. So that is a summary document
Page 44	Page
1 BURGER	1 BURGER
2 listing out the balances of all accounts from	2 on the information that was provided by
3 the general ledger that is used to produce the	3 management?
4 set of financial statements.	4 MR. AIGEN: Objection, form.
5 Q. And was the trial balance made	5 A. Partly management and partly our own
6 available to PwC by Highland in connection with	6 due diligence.
7 its audit work?	7 Q. Okay. The next tab is results
8 A. It was.	8 template. Do you see that?
9 Q. The next tab is marked credit risk	9 A. Yes.
10 analysis. Do you see that?	10 Q. Can you just explain to me what that
•	11 page in if we could sorell to the ten places?
11 A. Yes.	11 page is, if we could scroll to the top, please?
11 A. Yes.12 Q. What is the purpose of the credit	12 A. This – there are a number of notes
 11 A. Yes. 12 Q. What is the purpose of the credit 13 risk analysis? 	 12 A. This – there are a number of notes 13 that are being dealt with. This – so if you
 11 A. Yes. 12 Q. What is the purpose of the credit 13 risk analysis? 14 A. The purpose of this is that if you 	 12 A. This – there are a number of notes 13 that are being dealt with. This – so if you 14 go back to the detail tab, those are the
 11 A. Yes. 12 Q. What is the purpose of the credit 13 risk analysis? 14 A. The purpose of this is that if you 15 think about a receivable or any amount due it 	 12 A. This – there are a number of notes 13 that are being dealt with. This – so if you 14 go back to the detail tab, those are the 15 individual notes that makes up the amount that
 11 A. Yes. 12 Q. What is the purpose of the credit 13 risk analysis? 14 A. The purpose of this is that if you 15 think about a receivable or any amount due it 16 is about intent and ability. And this is where 	12 A. This – there are a number of notes 13 that are being dealt with. This – so if you 14 go back to the detail tab, those are the 15 individual notes that makes up the amount that 16 ties to the back of the financial statement.
 A. Yes. Q. What is the purpose of the credit risk analysis? A. The purpose of this is that if you think about a receivable or any amount due it is about intent and ability. And this is where we deal with ability to ask ourself the 	12 A. This – there are a number of notes 13 that are being dealt with. This – so if you 14 go back to the detail tab, those are the 15 individual notes that makes up the amount that 16 ties to the back of the financial statement. 17 And there are relevant tabs here that deal with
A. Yes. Q. What is the purpose of the credit risk analysis? A. The purpose of this is that if you think about a receivable or any amount due it is about intent and ability. And this is where we deal with ability to ask ourself the question is the counterparty reasonably able to	A. This – there are a number of notes that are being dealt with. This – so if you go back to the detail tab, those are the individual notes that makes up the amount that ties to the back of the financial statement. And there are relevant tabs here that deal with a number of these loans. In preparation for
A. Yes. Q. What is the purpose of the credit risk analysis? A. The purpose of this is that if you think about a receivable or any amount due it is about intent and ability. And this is where we deal with ability to ask ourself the question is the counterparty reasonably able to repay the amounts.	A. This – there are a number of notes that are being dealt with. This – so if you go back to the detail tab, those are the individual notes that makes up the amount that ties to the back of the financial statement. And there are relevant tabs here that deal with a number of these loans. In preparation for this, we focused on due from HCMSI as that is
A. Yes. Q. What is the purpose of the credit risk analysis? A. The purpose of this is that if you think about a receivable or any amount due it is about intent and ability. And this is where we deal with ability to ask ourself the question is the counterparty reasonably able to repay the amounts. Q. And did PwC conclude in 2000 – in	12 A. This – there are a number of notes 13 that are being dealt with. This – so if you 14 go back to the detail tab, those are the 15 individual notes that makes up the amount that 16 ties to the back of the financial statement. 17 And there are relevant tabs here that deal with 18 a number of these loans. In preparation for 19 this, we focused on due from HCMSI as that is 20 under question.
A. Yes. Q. What is the purpose of the credit risk analysis? A. The purpose of this is that if you think about a receivable or any amount due it is about intent and ability. And this is where we deal with ability to ask ourself the question is the counterparty reasonably able to repay the amounts. Q. And did PwC conclude in 2000 – in connection with the 2017 audit that the makers	12 A. This – there are a number of notes 13 that are being dealt with. This – so if you 14 go back to the detail tab, those are the 15 individual notes that makes up the amount that 16 ties to the back of the financial statement. 17 And there are relevant tabs here that deal with 18 a number of these loans. In preparation for 19 this, we focused on due from HCMSI as that is 20 under question. 21 Q. Why is due from HCMSI under
A. Yes. Q. What is the purpose of the credit risk analysis? A. The purpose of this is that if you think about a receivable or any amount due it is about intent and ability. And this is where we deal with ability to ask ourself the question is the counterparty reasonably able to repay the amounts. Q. And did PwC conclude in 2000 – in connection with the 2017 audit that the makers of the notes set forth on this particular slide	12 A. This – there are a number of notes 13 that are being dealt with. This – so if you 14 go back to the detail tab, those are the 15 individual notes that makes up the amount that 16 ties to the back of the financial statement. 17 And there are relevant tabs here that deal with 18 a number of these loans. In preparation for 19 this, we focused on due from HCMSI as that is 20 under question. 21 Q. Why is due from HCMSI under 22 question?
A. Yes. Q. What is the purpose of the credit risk analysis? A. The purpose of this is that if you think about a receivable or any amount due it is about intent and ability. And this is where we deal with ability to ask ourself the question is the counterparty reasonably able to repay the amounts. Q. And did PwC conclude in 2000 – in connection with the 2017 audit that the makers of the notes set forth on this particular slide had the ability to pay?	A. This – there are a number of notes that are being dealt with. This – so if you go back to the detail tab, those are the individual notes that makes up the amount that ties to the back of the financial statement. And there are relevant tabs here that deal with a number of these loans. In preparation for this, we focused on due from HCMSI as that is under question. Q. Why is due from HCMSI under question? A. That is my understanding of what the
A. Yes. Q. What is the purpose of the credit risk analysis? A. The purpose of this is that if you think about a receivable or any amount due it is about intent and ability. And this is where we deal with ability to ask ourself the question is the counterparty reasonably able to repay the amounts. Q. And did PwC conclude in 2000 – in connection with the 2017 audit that the makers of the notes set forth on this particular slide	12 A. This – there are a number of notes 13 that are being dealt with. This – so if you 14 go back to the detail tab, those are the 15 individual notes that makes up the amount that 16 ties to the back of the financial statement. 17 And there are relevant tabs here that deal with 18 a number of these loans. In preparation for 19 this, we focused on due from HCMSI as that is 20 under question. 21 Q. Why is due from HCMSI under 22 question?

Case 21-03004-sgj Doc 111-12 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extilibit-12 Filed 01/06/22 Filed 01/06/22 Filed 01/06/23 File**

1	Page 46 BURGER	1	BURGER	age 47
2	preparation for this, he means in	2	A. Iam.	
3	preparation for the deposition he reviewed	3	MR. AIGEN: Sorry to interrupt. Are	
	this piece of it, the HCMSI. Not the rest		you marking this? I'm trying to keep	
4	•	4		
5	of the notes, just HCMSI.	5	track, is this –	
6	Q. Okay. So, so but with respect to	6	MR. MORRIS: Yes, I apologize, this	
_	this particular page, is there an analysis that	7	will be Exhibit 4.	
8	PwC is undertaking? Does this reflect an –	8	(Exhibit 4 marked.)	
9	withdrawn.	9	MR. AIGEN: 4, okay.	
10	Does this page reflect an analysis	10	Q. And did you oversee the preparation	
11	that PwC did?	11	of the audited financial statements on behalf	
12	MR. AIGEN: Objection, form.	12	of PwC for the period ending December 31st,	
13	A. If you add the other relevant tabs	13	2018?	
14	to it, yes. So in other words, some of them	14	A. Correction, not preparation, we	
15	link to other tabs. Some of them have	15	don't prepare any of these documents.	
16	individual documentation as referenced in the	16	Q. Let – I apologize, let me restate	
	marked legends.	17	the question.	
18	Q. And then there are tabs for the	18	Did you oversee PwC's audit of	
19	individual maker of each set of notes. Do I	19	Highland's financial statements for the period	
20	have that right?	20	ending December 31st, 2018?	
21	A. Correct.	21	A. Yeah, I did.	
22	Q. All right. Let's go to the 2018	22	Q. Okay. Do you recall any deviations	
23	71	23	from the process you described earlier in	
	with Highland's audited financial statements	24	connection with the preparation of the 2018	
25	for the period ending December 31st, 2018?	25	audited financials?	
1	Page 48 BURGER	1	BURGER	age 49
2	A. No, I do not.		we cannot accept a date of, let's call it June	
3	Q. Can we go to the third page of the	3	2nd or 1st or earlier from management's	
4	document right there. This document is dated,	4	representation.	
	if you look at the bottom, June 3rd, 2019. Do	5	Q. Is – is the report that is set out	
	you see that?	0	·	
7	you see that:	6	here required by either CAAS or CAAD?	
	A 1do	6	here required by either GAAS or GAAP?	
v	A. I do. O. And that was the same date as the	7	A. This is – GAAS requires the audit	
8 a	Q. And that was the same date as the	7 8	A. This is – GAAS requires the audit opinion to be – to be the document whereby we	
9	Q. And that was the same date as the management representation letter that we looked	7 8 9	A. This is – GAAS requires the audit opinion to be – to be the document whereby we report to the general partner on our – on our	
9 10	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it	7 8 9 10	A. This is – GAAS requires the audit opinion to be – to be the document whereby we report to the general partner on our – on our audit.	
9 10 11	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up.	7 8 9 10 11	A. This is – GAAS requires the audit opinion to be – to be the document whereby we report to the general partner on our – on our audit. Q. And does PwC have an internal	
9 10 11 12	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do.	7 8 9 10 11 12	A. This is – GAAS requires the audit opinion to be – to be the document whereby we report to the general partner on our – on our audit. Q. And does PwC have an internal process by which it determines whether or not	
9 10 11 12 13	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both	7 8 9 10 11 12 13	A. This is – GAAS requires the audit opinion to be – to be the document whereby we report to the general partner on our – on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on – on any particular client's	
9 10 11 12 13 14	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both have the same date?	7 8 9 10 11 12 13 14	A. This is — GAAS requires the audit opinion to be — to be the document whereby we report to the general partner on our — on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on — on any particular client's audit?	
9 10 11 12 13 14 15	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both have the same date? A. No, it is not. We require that to	7 8 9 10 11 12 13 14 15	A. This is — GAAS requires the audit opinion to be — to be the document whereby we report to the general partner on our — on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on — on any particular client's audit? A. We do.	
9 10 11 12 13 14 15 16	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both have the same date? A. No, it is not. We require that to be the same.	7 8 9 10 11 12 13 14 15 16	A. This is – GAAS requires the audit opinion to be – to be the document whereby we report to the general partner on our – on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on – on any particular client's audit? A. We do. Q. Can you describe that process for me	
9 10 11 12 13 14 15 16 17	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both have the same date? A. No, it is not. We require that to be the same. Q. And why do you require that the	7 8 9 10 11 12 13 14 15 16 17	A. This is — GAAS requires the audit opinion to be — to be the document whereby we report to the general partner on our — on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on — on any particular client's audit? A. We do. Q. Can you describe that process for me generally?	
9 10 11 12 13 14 15 16 17 18	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both have the same date? A. No, it is not. We require that to be the same. Q. And why do you require that the management representation letter and the report	7 8 9 10 11 12 13 14 15 16 17 18	A. This is — GAAS requires the audit opinion to be — to be the document whereby we report to the general partner on our — on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on — on any particular client's audit? A. We do. Q. Can you describe that process for me generally? A. From an acceptance phase of the	
9 10 11 12 13 14 15 16 17 18	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both have the same date? A. No, it is not. We require that to be the same. Q. And why do you require that the management representation letter and the report of independent auditors be issued on the same	7 8 9 10 11 12 13 14 15 16 17 18	A. This is – GAAS requires the audit opinion to be – to be the document whereby we report to the general partner on our – on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on – on any particular client's audit? A. We do. Q. Can you describe that process for me generally? A. From an acceptance phase of the client or do you mean the content of their	
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9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both have the same date? A. No, it is not. We require that to be the same. Q. And why do you require that the management representation letter and the report of independent auditors be issued on the same day? A. This is — this is the date that we effectively consider these financials available	7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. This is — GAAS requires the audit opinion to be — to be the document whereby we report to the general partner on our — on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on — on any particular client's audit? A. We do. Q. Can you describe that process for me generally? A. From an acceptance phase of the client or do you mean the content of their opinion? Q. The content of the opinion, thank you.	
9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both have the same date? A. No, it is not. We require that to be the same. Q. And why do you require that the management representation letter and the report of independent auditors be issued on the same day? A. This is – this is the date that we effectively consider these financials available to be issued. And under standards, we are	7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. This is — GAAS requires the audit opinion to be — to be the document whereby we report to the general partner on our — on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on — on any particular client's audit? A. We do. Q. Can you describe that process for me generally? A. From an acceptance phase of the client or do you mean the content of their opinion? Q. The content of the opinion, thank you. A. Yes. So there is a framework that	
9 10 11 12 13	Q. And that was the same date as the management representation letter that we looked at earlier, do you recall that? We can pull it up. A. No, I do. Q. Is it a coincidence that they both have the same date? A. No, it is not. We require that to be the same. Q. And why do you require that the management representation letter and the report of independent auditors be issued on the same day? A. This is — this is the date that we effectively consider these financials available	7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. This is — GAAS requires the audit opinion to be — to be the document whereby we report to the general partner on our — on our audit. Q. And does PwC have an internal process by which it determines whether or not to sign-off on — on any particular client's audit? A. We do. Q. Can you describe that process for me generally? A. From an acceptance phase of the client or do you mean the content of their opinion? Q. The content of the opinion, thank you.	

Case 21-03004-sgj Doc 111-12 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extitibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extitibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extitibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extitibit-12 Filed 01/06/22** Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Extitibit-12 Filed 01/06/22 File**

	Dogo FO		
1	Page 50 BURGER	1	Page 5 BURGER
2	are material uncorrected misstatements to the	2	Q. Okay. Let's go to page 2, please,
3	financials or material deviations from required	3	consolidated balance sheet.
4	disclosures. So in other words, are the	4	Do you see, again, there is the
5	financials reasonable and accurate in terms of	5	notes and other amounts due from affiliates?
6	GAAP, and were we able to perform all the	6	A. Ido.
7	procedures. So in other words there weren't	7	Q. And does this just carry over from
8	any undue scope limitations which – which got	8	the prior years subject to any payments or
9	us to a point we weren't able to perform the	9	additional notes subject to any changes since
10	audit and fulfill our professional duty.	10	the end of the prior fiscal year?
11	If the answer to those are that we	11	A. It does.
12	fulfill both then we would give what we call an	12	Q. As of the end of 2018, is it fair to
13	unqualified or a clean opinion.	13	say that the notes and other amounts due from
14	Q. And is there an opinion committee	14	affiliates now exceeded more than 15 percent of
15	that is – that is dedicated to this process?	15	Highland's assets?
16	A. No, it is – if it is a clean	16	A. That is correct.
17	opinion then it is the partner and if	17	Q. Now, let's go to page 26, please.
18	applicable the second partner on the engagement	18	And you will see number – note number 8
19	is called. If there is anything which goes	19	relates to related-party transactions. Do you
20	away from an unqualified opinion, in any	20	see that?
21	deviation, then there is a whole consultation	21	A. Ido.
22	process with our national office.	22	Q. So again, do I have this right that
23	Q. And did you personally approve this	23	this section of the notes is intended to
24	opinion letter?	24	provide the detail about transactions between
25	A. I did, that is my signature.	25	Highland and related parties?
	Page 52		
			Page 6
1	BURGER	1	Page 5 BURGER
1		1 2	
	BURGER	_	BURGER
2	BURGER A. It is.	2	BURGER balance sheet called notes and other amounts
2	BURGER A. It is. Q. And that is required by GAAP, do I	3	BURGER balance sheet called notes and other amounts due from affiliates? A. It is.
2 3 4	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct.	2 3 4	BURGER balance sheet called notes and other amounts due from affiliates?
2 3 4 5	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct.	2 3 4 5	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that
2 3 4 5 6	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please.	2 3 4 5 6	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn.
2 3 4 5 6 7	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing	2 3 4 5 6 7	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that
2 3 4 5 6 7 8	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9	2 3 4 5 6 7 8	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the
2 3 4 5 6 7 8 9 10	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from	2 3 4 5 6 7 8 9	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018?
2 3 4 5 6 7 8 9 10 11	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates?	2 3 4 5 6 7 8 9	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of
2 3 4 5 6 7 8 9 10 11 12	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by	2 3 4 5 6 7 8 9 10	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct.
2 3 4 5 6 7 8 9 10 11 12 13	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do.	2 3 4 5 6 7 8 9 10 11 12	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did
2 3 4 5 6 7 8 9 10 11 12 13 14	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by management; correct? A. Correct.	2 3 4 5 6 7 8 9 10 11 12 13	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did anybody from Highland ever tell anybody from
2 3 4 5 6 7 8 9 10 11 12 13 14 15 15 15 16 16 17 18 18 18 18 18 18 18 18 18 18 18 18 18	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by management; correct? A. Correct. Q. And this portion of note 8 is	2 3 4 5 6 7 8 9 10 11 12 13 14	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by management; correct? A. Correct. Q. And this portion of note 8 is intended to describe the obligations that were owed to the debtor by affiliates; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did anybody from Highland ever tell anybody from PwC that any of the amounts due and owing as set forth in the notes and other amounts due from affiliates was wrong or incorrect?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by management; correct? A. Correct. Q. And this portion of note 8 is intended to describe the obligations that were owed to the debtor by affiliates; correct? A. Correct.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did anybody from Highland ever tell anybody from PwC that any of the amounts due and owing as set forth in the notes and other amounts due from affiliates was wrong or incorrect? A. Not to my knowledge.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by management; correct? A. Correct. Q. And this portion of note 8 is intended to describe the obligations that were owed to the debtor by affiliates; correct? A. Correct. Q. Does this section of note 8 set	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did anybody from Highland ever tell anybody from PwC that any of the amounts due and owing as set forth in the notes and other amounts due from affiliates was wrong or incorrect? A. Not to my knowledge. Q. And can you confirm for me that in
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by management; correct? A. Correct. Q. And this portion of note 8 is intended to describe the obligations that were owed to the debtor by affiliates; correct? A. Correct. Q. Does this section of note 8 set forth the amounts that were due and owing by each affiliate as of the end of fiscal year	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	BURGER balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did anybody from Highland ever tell anybody from PwC that any of the amounts due and owing as set forth in the notes and other amounts due from affiliates was wrong or incorrect? A. Not to my knowledge. Q. And can you confirm for me that in connection with the 2018 financial statements Highland again stated in general that the fair
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 20 21 22	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by management; correct? A. Correct. Q. And this portion of note 8 is intended to describe the obligations that were owed to the debtor by affiliates; correct? A. Correct. Q. Does this section of note 8 set forth the amounts that were due and owing by each affiliate as of the end of fiscal year 2018?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did anybody from Highland ever tell anybody from PwC that any of the amounts due and owing as set forth in the notes and other amounts due from affiliates was wrong or incorrect? A. Not to my knowledge. Q. And can you confirm for me that in connection with the 2018 financial statements Highland again stated in general that the fair value of the notes and other amounts due from
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by management; correct? A. Correct. Q. And this portion of note 8 is intended to describe the obligations that were owed to the debtor by affiliates; correct? A. Correct. Q. Does this section of note 8 set forth the amounts that were due and owing by each affiliate as of the end of fiscal year 2018? A. It does.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did anybody from Highland ever tell anybody from PwC that any of the amounts due and owing as set forth in the notes and other amounts due from affiliates was wrong or incorrect? A. Not to my knowledge. Q. And can you confirm for me that in connection with the 2018 financial statements Highland again stated in general that the fair value of the notes and other amounts due from affiliates approximates the carrying value of
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	BURGER A. It is. Q. And that is required by GAAP, do I have that right? A. You have got it correct. Q. Okay. Let's go to page 28, please. Do you see on page 28 and continuing on page 29 there is again a section of note 9 entitled notes and other amounts due from affiliates? A. I do. Q. And this information was provided by management; correct? A. Correct. Q. And this portion of note 8 is intended to describe the obligations that were owed to the debtor by affiliates; correct? A. Correct. Q. Does this section of note 8 set forth the amounts that were due and owing by each affiliate as of the end of fiscal year 2018? A. It does.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	balance sheet called notes and other amounts due from affiliates? A. It is. Q. And can you confirm for me that management is the one who decided – withdrawn. Can you confirm for me that management is the one who calculated the amounts due and owing by each affiliate as of December 31st, 2018? MR. AIGEN: Objection, form. A. That is correct. Q. To the best of your knowledge, did anybody from Highland ever tell anybody from PwC that any of the amounts due and owing as set forth in the notes and other amounts due from affiliates was wrong or incorrect? A. Not to my knowledge. Q. And can you confirm for me that in connection with the 2018 financial statements Highland again stated in general that the fair value of the notes and other amounts due from

Case 21-03004-sgj Doc 111-12 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Exhibit-12 Priage01606f245** Page 6 of 200 PageID 35467

1	Page 54 BURGER	1	BURGER	Page 55
2	Q. Is it fair to say that when PwC	2	Q. Did anyone – withdrawn.	
3	issued its audit opinion on June 3rd, 2019 that	3	Do you know whether anyone from	
4	they had no reason to discount the fair value	4	Highland ever informed anyone at PwC that there	
5	of any of the notes described in this portion	5	were material subsequent events that were	
6	of note 8?	6	omitted from note 15?	
7	MR. AIGEN: Objection, form.	7	A. I'm not.	
8	A. Yeah, that is correct.	8	Q. Let's go to the 2018 workpapers.	
9	Q. Let's go to page 38, please, note	9	(Exhibit 5 marked.)	
10	15. Do you see note 15 beginning on page 38?	10	Q. We will mark this as Exhibit 5.	
11	A. Ido.	11	MR. MORRIS: I am trying to go as	
12	Q. And is this the section of the notes	12	quickly as I can, Michael, to leave you a	
13	that are intended to describe material	13	little time.	
		14	MR. AIGEN: Thanks.	
14	subsequent events that would require			
15	disclosure?	15	Q. Do you have that, Mr. Burger?	
16	A. It is.	16	A. Yeah, I do.	
17	Q. And is the information set forth in	17	MR. AIGEN: This is Exhibit 5, John?	
18	section 15 or note 15 information that was	18	MR. MORRIS: Yes.	
19	provided by Highland?	19	Q. Is there anything that you need to	
20	A. Correct.	20	look at, Mr. Burger, to confirm that these are	
21	Q. To the best of PwC's knowledge, as	21	PwC's workpapers for the 2018 audit as it	
22	of June 3rd, 2019, did note 15 in fact include	22	relates to notes and other amounts due from	
23	a description of all material subsequent events	23	affiliates?	
24	that required disclosure?	24	A. I can confirm.	
25	A. That's correct.	25	Q. Okay. And was this also prepared in	
4	Page 56	_	DUDGED	Page 57
1	BURGER	1	BURGER	
2	the first instance by Ms. Garcia?	2	we go to the section called credit risk	
3	A. No, this was prepared by Madeline	3	analysis, the tab.	
4	Pacocha.	4	I think earlier you testified that	
5	Q. How do you spell her last name?	5	there was kind of two aspects that PwC looked	
6	A. P-a-c-o-c-h-a.	6	at when analyzing the notes and they were the	
7	Q. And did she report directly to you?		intent and the ability to pay. Do I have that	
8	A. She did. She was part of the team.	8	right?	
9	Q. Okay. And do you know whether the	9	MR. AIGEN: Objection, form.	
10	same process that was followed in 2018 was	10	A. That's correct.	
11	followed in 2000 withdrawn.	11	Q. Okay. And this particular tab,	
12	Did PwC follow the same process in	12	credit risk analysis, related to the ability to	
13	creating this document that it did when it	13	pay part of that analysis; correct?	
4 4			A. That's correct.	
14	created the workpapers in 2017?	14		
15	A. We did.	15	Q. Do you see there is a column called	
	A. We did. Q. Can you confirm that this document	15 16	Q. Do you see there is a column called recoverability?	
15	A. We did. Q. Can you confirm that this document was prepared in the ordinary course of PwC's	15 16 17	Q. Do you see there is a column called recoverability?A. I do.	
15 16	A. We did. Q. Can you confirm that this document was prepared in the ordinary course of PwC's business?	15 16	Q. Do you see there is a column called recoverability?A. I do.Q. What is that?	
15 16 17	A. We did. Q. Can you confirm that this document was prepared in the ordinary course of PwC's	15 16 17	Q. Do you see there is a column called recoverability?A. I do.	
15 16 17 18	A. We did. Q. Can you confirm that this document was prepared in the ordinary course of PwC's business?	15 16 17 18	Q. Do you see there is a column called recoverability?A. I do.Q. What is that?	
15 16 17 18 19	A. We did. Q. Can you confirm that this document was prepared in the ordinary course of PwC's business? A. It was. Q. Can you confirm that this document was prepared in the ordinary course of PwC's	15 16 17 18 19	 Q. Do you see there is a column called recoverability? A. I do. Q. What is that? A. That is a qualitative assessment to 	
15 16 17 18 19 20	A. We did. Q. Can you confirm that this document was prepared in the ordinary course of PwC's business? A. It was. Q. Can you confirm that this document	15 16 17 18 19 20	 Q. Do you see there is a column called recoverability? A. I do. Q. What is that? A. That is a qualitative assessment to give us reasonable assurance that these notes 	
15 16 17 18 19 20 21	A. We did. Q. Can you confirm that this document was prepared in the ordinary course of PwC's business? A. It was. Q. Can you confirm that this document was prepared in the ordinary course of PwC's	15 16 17 18 19 20 21	 Q. Do you see there is a column called recoverability? A. I do. Q. What is that? A. That is a qualitative assessment to give us reasonable assurance that these notes are, A, not in default or — and B, that the — 	
15 16 17 18 19 20 21 22	A. We did. Q. Can you confirm that this document was prepared in the ordinary course of PwC's business? A. It was. Q. Can you confirm that this document was prepared in the ordinary course of PwC's audit of Highland's 2018 financial statements?	15 16 17 18 19 20 21 22	 Q. Do you see there is a column called recoverability? A. I do. Q. What is that? A. That is a qualitative assessment to give us reasonable assurance that these notes are, A, not in default or – and B, that the – at least materially the maker has enough assets 	

	Case 3.21-CV-00001-A DUCUITION ALLIUM-42 H	_	,	
1	Page 58 BURGER	1	BURGER	Page 59
2	to pay?	2	affiliate's creditworthiness?	
3	A. This is a combination but most of	3	A. Not each individual, but on a more	
4	this is our own due diligence.	4	look-through basis to specifically Mr. Dondero.	
5	Q. And – and can you describe for me	5	The purpose of this is not to sign-off on an	
6	what steps in the due diligence process PwC	6	absolute creditworthiness of each party, but to	
7	undertook to ascertain whether the makers have	7	provide enough evidence to give us reasonable	
8	the ability to pay?	8	assurance that these notes are recoverable.	
9	A. Mostly – mostly relates to evidence	9	Q. And based on the due diligence that	
10		10	PwC did and the information provided by	
١		l	Highland, did PwC conclude that the makers of	
11	•	11	-	
12	, ,	12	the notes had the ability to repay the	
13	,	13	obligations set forth therein?	
14		14	A. We did.	
15	Q. And did PwC analyze public filings	15	Q. Did PwC rely on the analysis set	
16	,	16	forth on this document in deciding to issue the	
17	1 7	17	opinion in connection – the clean opinion in	
18	issued to the debtor?	18	connection with the 2018 audit?	
19	A. Through public filings which we	19	A. Yeah, this is part of our workpapers	
20	,	20	which forms the collective base of our opinion,	
21	there are assets in those, sort of let's call	21	yes.	
22	it public filings that would be adequate to	22	Q. If PwC had any concerns that any	
23	repay the amounts.	23	maker was unable to repay the obligations under	
24	Q. Is it fair to say that this section	24	any of the notes made to Highland, is there a	
25	of the workpapers is an assessment of each	25	process or what would happen under that	
1	Page 60	1	DUDGED	Page 61
1	BURGER	1	BURGER	
2	circumstance?	2	approximately 116 or 117 – withdrawn.	
3	MR. AIGEN: Objection, form.	3	Do you see that there is	
4	A. Do I answer that?	4	approximately \$116 difference between the	
5	MR. WANDER: Yes.	5	amount per client and the balance per testing?	
6	A. If we become aware of any data or	6	A. Yes, I do.	
7	anything which shows us that a counterparty	_		
8		7	Q. Okay. What – what does –	
_	cannot repay the note, the question stems to	8	withdrawn.	
9	cannot repay the note, the question stems to management as to why they consider the note	8	withdrawn. Is the amount per client the total	
10	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there	8 9 10	withdrawn. Is the amount per client the total principal and interest due as of the balance	
10 11	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't	8 9 10 11	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under	
10 11 12	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean — there may be adverse data that show	8 9 10 11 12	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column?	
10 11	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean — there may be adverse data that show that the counterparty is not able to pay and	8 9 10 11 12 13	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained	
10 11 12	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean — there may be adverse data that show that the counterparty is not able to pay and that then results in additional work to assess	8 9 10 11 12	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained from the trial balance that is used for the	
10 11 12 13 14 15	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean — there may be adverse data that show that the counterparty is not able to pay and that then results in additional work to assess whether that loan can be recorded at its full	8 9 10 11 12 13 14 15	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained from the trial balance that is used for the financial statements —	
10 11 12 13 14 15 16	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean — there may be adverse data that show that the counterparty is not able to pay and that then results in additional work to assess whether that loan can be recorded at its full value.	8 9 10 11 12 13 14 15 16	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained from the trial balance that is used for the financial statements — Q. Okay.	
10 11 12 13 14 15	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean – there may be adverse data that show that the counterparty is not able to pay and that then results in additional work to assess whether that loan can be recorded at its full value. Q. But in connection with the 2018	8 9 10 11 12 13 14 15	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained from the trial balance that is used for the financial statements — Q. Okay. A. — in Column D.	
10 11 12 13 14 15 16	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean — there may be adverse data that show that the counterparty is not able to pay and that then results in additional work to assess whether that loan can be recorded at its full value.	8 9 10 11 12 13 14 15 16	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained from the trial balance that is used for the financial statements — Q. Okay.	
10 11 12 13 14 15 16 17	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean – there may be adverse data that show that the counterparty is not able to pay and that then results in additional work to assess whether that loan can be recorded at its full value. Q. But in connection with the 2018	8 9 10 11 12 13 14 15 16 17	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained from the trial balance that is used for the financial statements — Q. Okay. A. — in Column D.	
10 11 12 13 14 15 16 17	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean — there may be adverse data that show that the counterparty is not able to pay and that then results in additional work to assess whether that loan can be recorded at its full value. Q. But in connection with the 2018 audit, management represented that each of the notes was fully recoverable. Do I have that	8 9 10 11 12 13 14 15 16 17 18	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained from the trial balance that is used for the financial statements – Q. Okay. A. – in Column D. Q. And did PwC then test those amounts	
10 11 12 13 14 15 16 17 18 19	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean — there may be adverse data that show that the counterparty is not able to pay and that then results in additional work to assess whether that loan can be recorded at its full value. Q. But in connection with the 2018 audit, management represented that each of the notes was fully recoverable. Do I have that	8 9 10 11 12 13 14 15 16 17 18	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained from the trial balance that is used for the financial statements – Q. Okay. A. – in Column D. Q. And did PwC then test those amounts for accuracy or reasonableness?	
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10 11 12 13 14 15 16 17 18 19 20 21	cannot repay the note, the question stems to management as to why they consider the note fully recoverable. Because the fact that there is a note with a legal agreement to it doesn't mean – there may be adverse data that show that the counterparty is not able to pay and that then results in additional work to assess whether that loan can be recorded at its full value. Q. But in connection with the 2018 audit, management represented that each of the notes was fully recoverable. Do I have that right? MR. AIGEN: Objection, form.	8 9 10 11 12 13 14 15 16 17 18 19 20 21	withdrawn. Is the amount per client the total principal and interest due as of the balance sheet date for each of the makers listed under the account description column? A. That is the amount that is obtained from the trial balance that is used for the financial statements – Q. Okay. A. – in Column D. Q. And did PwC then test those amounts for accuracy or reasonableness? A. For reasonableness we went back if material to the appropriate legal agreements.	
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Page 62	1 BURGER	Page 63
2 did, did it reach any conclusions as to the	2 Q. So does this show that an entity	
3 reliability of the debtors' of Highland's	3 known as HCMSI had principal and interest due	
4 assessment as to the amount owed by each	4 on one or more promissory notes totaling	
5 client?	5 approximately 13 and a half million dollars?	
6 A. Do you mind repeating that question?	6 A. It is three promissory notes, which	
7 Q. Yeah, that wasn't very good.	7 adds up to approximately 13.9 million dollars.	
8 What is the purpose of the testing	8 Q. Okay. So promissory note one is on	
9 that – that was undertaken that is reflected	9 the left where it says closing date May 31,	
10 on this page?	10 2017. Do I have that right?	
11 A. So the purpose is, again, the 173 is	11 A. Correct.	
12 the amount that goes to the line item in	12 Q. And if we scroll down promissory —	
13 question that we are or that part of feeds into	13 where is the second promissory note?	
14 another tab called detail, which goes back into	14 A. Just go over to column R and then	
15 the detail.	15 AB, I can read.	
16 So from there if we have a balance	16 Q. Okay. So then — so that is the	
17 as recorded in the financial statements we need	17 second promissory note is the one that was	
18 to obtain the detail behind that, what makes up	18 issued on June 25th, 2018 in the amount of	
19 those amounts. And for each one individually	19 \$200,000, and then the third one is issued on	
20 or collective material, we need to test the, A,	20 March 26th, 2018 in the amount of \$150,000. Do	
21 the existence of the amount and, B, the	21 I have that right?	
22 evaluation of the amount.	22 A. That's correct.	
23 Q. Let's go to the next tab, due from	23 Q. And this shows that under the first	
24 HCMSI. Do you see that?	24 note, if we could go to the left a bit, that	
25 A. I do.	25 HCMSI paid Highland exactly \$1 million on	
Page 64		Page 65
1 BURGER	1 BURGER	. age ee
	1 BURGER 2 purpose of the loans to Mr. Dondero?	· aga aa
1 BURGER		. ago oc
1 BURGER 2 October 8th, 2018 that was allocated – a	2 purpose of the loans to Mr. Dondero?	. 250 50
1 BURGER 2 October 8th, 2018 that was allocated – a 3 portion of which was allocated to principal and	2 purpose of the loans to Mr. Dondero?3 MR. AIGEN: Objection, form.	
1 BURGER 2 October 8th, 2018 that was allocated – a 3 portion of which was allocated to principal and 4 a portion of which was allocated to interest? 5 A. That's correct.	 2 purpose of the loans to Mr. Dondero? 3 MR. AIGEN: Objection, form. 4 A. In general. 	
1 BURGER 2 October 8th, 2018 that was allocated – a 3 portion of which was allocated to principal and 4 a portion of which was allocated to interest? 5 A. That's correct. 6 Q. Okay. Let's go to the next tab,	 2 purpose of the loans to Mr. Dondero? 3 MR. AIGEN: Objection, form. 4 A. In general. 5 Q. In general you made an inquiry? 	
1 BURGER 2 October 8th, 2018 that was allocated – a 3 portion of which was allocated to principal and 4 a portion of which was allocated to interest? 5 A. That's correct.	 purpose of the loans to Mr. Dondero? MR. AIGEN: Objection, form. A. In general. Q. In general you made an inquiry? A. Yeah, as to the – the – as to whether these loans are considered reasonable 	
1 BURGER 2 October 8th, 2018 that was allocated – a 3 portion of which was allocated to principal and 4 a portion of which was allocated to interest? 5 A. That's correct. 6 Q. Okay. Let's go to the next tab, 7 Dondero tax loans. Do you know why the loans 8 to Mr. Dondero are described as tax loans?	 purpose of the loans to Mr. Dondero? MR. AIGEN: Objection, form. A. In general. Q. In general you made an inquiry? A. Yeah, as to the – the – as to whether these loans are considered reasonable and arm's length. 	
1 BURGER 2 October 8th, 2018 that was allocated – a 3 portion of which was allocated to principal and 4 a portion of which was allocated to interest? 5 A. That's correct. 6 Q. Okay. Let's go to the next tab, 7 Dondero tax loans. Do you know why the loans 8 to Mr. Dondero are described as tax loans? 9 A. It is – it is described as tax loan	 purpose of the loans to Mr. Dondero? MR. AIGEN: Objection, form. A. In general. Q. In general you made an inquiry? A. Yeah, as to the – the – as to whether these loans are considered reasonable and arm's length. Q. What information do you recall that 	
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Case 21-03004-sgj Doc 111-12 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Eixtlibit-22 Filed 01/06/22** Page 9 of 200 PageID 35470

1 BURGER 2 MR. AIGEN: Objection. 3 A. No. 4 Q. No. And who – who told PwC, if you 5 know, that the loans were being made to 6 Mr. Dondero to pay tax payments based on 7 earnings? 7 A. That's correct. 8 A. Management. I cannot recall a 9 specific name. 1 BURGER 2 the \$14 million loan that was first made in 3 December 2017, do I have this right that 4 Mr. Dondero made a payment of over \$750,000 5 that was applied to principal and interest on 6 December 19th, 2018? 7 A. That's correct. 8 Q. Okay. And if we scroll down a 9 specific name. 9 little bit more, keep going, note number 4. 10 Q. Okay. But it is your understanding 11 that the loans were made to Mr. Dondero in 11 Highland on December 18th, 2018, a portion of 12 order to enable him to pay the taxes due on his 13 earnings. Do I have that right? 14 A. That's correct. 14 number 4?	
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13 earnings. Do I have that right? 13 of which was used to pay interest on note	
14 A. That's correct. 14 number 4?	
15 Q. And who decided the amount of the 15 A. That's correct.	
16 loans, to the best of your knowledge? 16 Q. Did anybody ever tell you that in	
17 MR. AIGEN: Objection, form. 17 January or February 2019 that Mr. Dondero had	
18 A. It is an agreement between 18 entered into an oral agreement with his sister	
19 management and Mr. – management. 19 acting on behalf of Highland whereby	
20 Q. Do you have anybody – do you have 20 Mr. Dondero and certain of his affiliates would	
21 any knowledge as to who on behalf of Highland 21 be relieved of the obligation to pay amounts	
22 made the agreement with Mr. Dondero about the 22 due under the promissory notes if certain	
23 amount of the loans? 23 conditions subsequent were met?	
24 A. I cannot recall the specific name. 24 MR. AIGEN: Objection, form.	
25 Q. If you look at loan number 1 there, 25 A. No, they did not.	
Page 68 1 BURGER 1 BURGER	Page 69
2 Q. Do you know whether anybody at PwC 2 Q. Are you aware of any oral or written	
3 was ever informed by Mr. Dondero – withdrawn. 3 amendment to any of the promissory notes that	
4 Do you know if anybody at PwC was 4 are described on the detail page of Exhibit 5?	
5 ever informed by anybody at Highland that in 5 MR. AIGEN: Objection, form.	
6 January or February 2019 Mr. Dondero entered 6 MR. MORRIS: What – what is the	
7 into an oral agreement with his sister acting 7 objection? Hold on before you answer, what	
8 on behalf of Highland whereby Mr. Dondero and 8 is the objection?	
9 certain of his affiliates would be relieved of 9 MR. AIGEN: I think it is vague. I	
10 all obligations to pay all amounts otherwise 10 don't know which stuff you are talking	
 due and owing under the promissory notes if certain conditions subsequent were met? about here. Are you asking for a legal conclusion, and there is no foundation. 	
 Q. Okay. Can we go – I apologize, but the question again, sir. can we go back to tab number – the detail tab This page lists the amounts that 	
17 in the – in the workpapers? 18 workpapers? 19 each of the affiliates owes to Highland under	
18 MR. WANDER: In Exhibit 5 or Exhibit 18 various promissory notes; correct?	
19 3? 19 A. Correct.	
20 Q. Exhibit 5, thank you for the	
21 clarification. Okay, so the detail tab and the 21 amendment to any of those promissory notes?	
22 workpapers for 2018 lists all of the notes 22 A. No, up to June 3rd, 2019.	
23 receivable that were made by affiliates of 23 Q. And do you know whether anyone at	
24 Highland; correct? 24 PwC was aware of any oral or written amendment	
25 A. Correct. 25 to any of the promissory notes as of June 3rd,	

1	Page 70 BURGER	1	BURGER	Page 71
	2019?	2	MR. AIGEN: Objection, form.	
3	MR. AIGEN: Objection, form.	3	A. Yes, they had the responsibility.	
4	A. No, I'm not.	4	Q. To the best of your knowledge, did	
5	Q. Were you ever informed of any	5	Mr. Dondero ever inform anybody at PwC prior to	
6	amendment, written or oral, to any promissory	6	June 3rd, 2019 that any of the notes might not	
7	note at any time?	7	be collectable?	
8	A. I was not.	8	MR. AIGEN: Objection, form.	
9	Q. Did anyone ever tell you that any of	9	A. He did not.	
10	the notes in – referred to in the detail tab	10	Q. To the best of your knowledge, did	
11	of Exhibit 5 might be forgiven under certain	11	Mr. Dondero ever inform anybody at PwC prior to	
12		12	June 3rd, 2019 that any of the notes might be	
13	A. No.	13	forgiven under certain circumstances?	
14	Q. Do you know whether anybody at PwC	14	MR. AIGEN: Objection, form.	
15	was ever informed by anybody at Highland that	15	A. He did not.	
16	any of the notes in the detail tab in Exhibit 5	16	Q. To the best of your knowledge, did	
17	might be forgiven?	17	Mr. Dondero ever inform anyone at PwC prior to	
18	MR. AIGEN: Objection, form.	18	June 3rd, 2019 that any of the notes were	
19	A. I do not.	19	amended?	
20	Q. Under your understanding of the GAAP	20	MR. AIGEN: Objection, form.	
21	rules, did Mr. Dondero and Mr. Waterhouse have	21	A. He did not.	
22	a continuing obligation to inform PwC of any	22	Q. To the best of your knowledge, did	
23	circumstances that would call into question the	23	Mr. Dondero ever inform anyone at PwC prior to	
24	collectability of any of the notes due from	24	June 3rd, 2019 that the obligations under any	
25	affiliates?	25	of the notes would be extinguished based on the	
25	annates!	25	of the flotes would be extilliguished based of the	
1	Page 72 BURGER	1	BURGER	Page 73
	fulfillment of certain conditions subsequent?	2	any of the notes would be extinguished upon the	
3	•			
4	IVIR AIGEN' UNIACTION TORM			
	MR. AlGEN: Objection, form. A Again he did not	3	fulfillment of certain conditions subsequent?	
	A. Again, he did not.	3 4	fulfillment of certain conditions subsequent? MR. AIGEN: Objection, form.	
5	A. Again, he did not.Q. I'm going to ask the same questions	3 4 5	fulfillment of certain conditions subsequent? MR. AIGEN: Objection, form. A. He did not.	
5 6	A. Again, he did not.Q. I'm going to ask the same questionsnow with respect to Mr. Waterhouse.	3 4 5 6	fulfillment of certain conditions subsequent? MR. AIGEN: Objection, form. A. He did not. Q. Now, just going to finish up the	
5 6 7	A. Again, he did not. Q. I'm going to ask the same questions now with respect to Mr. Waterhouse. To the best of your knowledge, did	3 4 5 6 7	fulfillment of certain conditions subsequent? MR. AIGEN: Objection, form. A. He did not. Q. Now, just going to finish up the last set of questions to make it broader for	
5 6 7 8	 A. Again, he did not. Q. I'm going to ask the same questions now with respect to Mr. Waterhouse. To the best of your knowledge, did Mr. Waterhouse ever inform anyone at PwC prior 	3 4 5 6 7 8	fulfillment of certain conditions subsequent? MR. AIGEN: Objection, form. A. He did not. Q. Now, just going to finish up the last set of questions to make it broader for anybody at Highland.	
5 6 7 8 9	A. Again, he did not. Q. I'm going to ask the same questions now with respect to Mr. Waterhouse. To the best of your knowledge, did Mr. Waterhouse ever inform anyone at PwC prior to June 3rd, 2019 that any of the notes might	3 4 5 6 7 8 9	fulfillment of certain conditions subsequent? MR. AIGEN: Objection, form. A. He did not. Q. Now, just going to finish up the last set of questions to make it broader for anybody at Highland. To the best of your knowledge, did	
5 6 7 8 9 10	A. Again, he did not. Q. I'm going to ask the same questions now with respect to Mr. Waterhouse. To the best of your knowledge, did Mr. Waterhouse ever inform anyone at PwC prior to June 3rd, 2019 that any of the notes might not be collectable?	3 4 5 6 7 8 9	fulfillment of certain conditions subsequent? MR. AIGEN: Objection, form. A. He did not. Q. Now, just going to finish up the last set of questions to make it broader for anybody at Highland. To the best of your knowledge, did anyone from Highland ever inform anyone at PwC	
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Case 21-03004-sgj Doc 111-12 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume@xhirbit2E2 FRage 2/109/235 Page 11 of 200 PageID 35472

1 4	Page 74	1	PLIDCED	Page 75
1	BURGER	1	BURGER	
2	Q. To the best of your knowledge, did	2	Q. And why is that?	
3	anyone from Highland ever inform anyone at PwC	3	A. If you have a material – if you	
4	prior to June 3rd, 2019 that the obligations	4	have material adverse effects of the balance	
	under any of the notes would be extinguished	5	sheet which gives a material adjustment to the	
	upon the fulfillment of certain conditions	6	financial statements, depending on the type of	
	subsequent?	7	event you require either disclosure or actual	
8	A. Not to my knowledge.	8	adjustment to the balance sheet.	
9	Q. If PwC had learned before June 3rd,	9	Q. If PwC had learned before June 3rd,	
10	2019 that any of the notes might not be	10	2019 that any of the notes that had a	
11	collectable, would PwC have required that	11	outstanding principal amount due of at least	
12	information to be disclosed?	12	\$1.7 million might be forgiven, would PwC have	
13	MR. AIGEN: Objection, form.	13	required that to be disclosed?	
14	A. Disclosed or potentially based on	14	A. Yes.	
15	materiality financials adjusted.	15	MR. AIGEN: Objection, form.	
16	Q. I'm going to ask that question	16	Q. Is that for the same reasons that	
17	again.	17	you just articulated with respect to the lack	
18	A. Okay.	18	of collectability?	
19	Q. If PwC had learned before June 3rd,	19	A. Correct.	
20	2019 that any of the notes that had an	20	Q. Just two more questions. If PwC	
21	outstanding principal amount of at least \$1.7	21	learned before June 3rd, 2019 that any of the	
22	million might not be collectable, would PwC	22	notes that had an outstanding principal amount	
23	have required that to be disclosed?	23	of \$1.7 million or more, if those notes had	
24	A. Correct.	24	been amended, would PwC have required that to	
25	MR. AIGEN: Objection, form.	25	be disclosed?	
1	Page 76	1	BURGER	Page 77
1 2	BURGER MR. AIGEN: Objection, form.	1 2	John and I can work out stuff on the side. But	
3	MIN. AIGEN. Objection, Ionn.		JOHN AND I CAN WORK OUR STUN ON THE SIDE. DUE	
J	Me would have			
1	A. We would have.	3	just for the record, I understand this isn't	
4	Q. And finally, if PwC learned before	3 4	just for the record, I understand this isn't your problem I just want to note that we were	
5	Q. And finally, if PwC learned before June 3rd, 2019 that any of the notes that had a	3 4 5	just for the record, I understand this isn't your problem I just want to note that we were never told there would be this sort of time	
5 6	Q. And finally, if PwC learned before June 3rd, 2019 that any of the notes that had a then outstanding principal amount due of at	3 4 5 6	just for the record, I understand this isn't your problem I just want to note that we were never told there would be this sort of time limit today. Again, not your problem and I	
5 6 7	Q. And finally, if PwC learned before June 3rd, 2019 that any of the notes that had a then outstanding principal amount due of at least \$1.7 million would be extinguished based	3 4 5 6 7	just for the record, I understand this isn't your problem I just want to note that we were never told there would be this sort of time limit today. Again, not your problem and I just want to reserve all rights if we can't	
5 6 7 8	Q. And finally, if PwC learned before June 3rd, 2019 that any of the notes that had a then outstanding principal amount due of at least \$1.7 million would be extinguished based on the fulfillment of certain conditions	3 4 5 6 7 8	just for the record, I understand this isn't your problem I just want to note that we were never told there would be this sort of time limit today. Again, not your problem and I just want to reserve all rights if we can't finish today we may have to come back another	
5 6 7 8 9	Q. And finally, if PwC learned before June 3rd, 2019 that any of the notes that had a then outstanding principal amount due of at least \$1.7 million would be extinguished based on the fulfillment of certain conditions subsequent, would PwC have required that to be	3 4 5 6 7 8 9	just for the record, I understand this isn't your problem I just want to note that we were never told there would be this sort of time limit today. Again, not your problem and I just want to reserve all rights if we can't finish today we may have to come back another time. Hopefully not, I will do my best to ask	
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12 questions. 12 communication would have probably been more	
13 Can you tell me approximately how 13 with Dave Klos and my managers.	
14 many people worked on the audits of Highland at 14 Q. I apologize. Other than those four,	
15 PwC in 2017 and 2018? 15 Ms. Hendrix, Mr. Wilson, Mr. Klos and	
16 A. Again, earlier I said six or seven. 16 Mr. Waterhouse, is there anyone else at	
17 Q. And out of those six or seven, how 17 Highland that PwC communicated with as part of	
18 many people had communications with anyone at 18 the audit that you are aware of?	
19 Highland? 19 A. Not that I'm aware of. I mean,	
20 A. I would argue all of them, all of 20 there is a chance that they might have had	
21 us. 21 somebody else involved, but not that I can	
22 Q. Okay. And who at Highland did these 22 recall.	
23 six or seven people have communications with 23 Q. Have you ever had any conversations	
24 with respect to the work on the audits? 24 with Mr. Dondero?	
25 A. It depends. It depends on the 25 A. Not specifically relating to any –	
Page 84	Page 85
1 BURGER 2 related to the qualit directly.	
2 related to the audit directly. 2 know that? Did you have any conversations with	
 Q. Do you know whether any of the other 3 anyone else at PwC about whether they had any 4 people at PwC that worked on the audit had any 4 such conversations with anyone at Highland 	
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Case 21-03004-sgj Doc 111-12 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E2 FRage 2/49/1235 Page 14 of 200 PageID 35475

Page 86 1 BURGER 1 BURGER	Page 87
2 with anyone at Highland about whether the notes 2 A. Yes. As this is a partnership, it	
3 were potentially dischargeable or amended? 3 is generally available to the general partner	
4 MR. MORRIS: Objection. 4 and the partners. And there wasn't any	
5 A. No, I'm not aware. 5 specific need that we were aware of with	
6 Q. As part of the audit process, is one 6 third-party lenders or banks or anything that	
8 reviewing or relying on the financial 8 Q. Is who is going to end up reviewing	
9 statements that you are auditing? 9 and relying on a financial statement relevant	
10 A. Yes, we consider that. 10 to what PwC considers to be material and thus	
11 Q. And why is that considered? 11 need to be disclosed?	
12 A. It is important – well, A, the – 12 MR. MORRIS: Objection to the form	
13 the format of our report and obviously just 13 of the question, asked and answered.	
14 governed by who relies on it. So in other 14 A. No, sorry.	
15 words, if you have a public client with the 15 Q. Then what is the relevance – sorry.	
16 PCAOB standards where everybody in the public 16 If it is – if who is going to	
17 review a financial statement is not relevant to	
18 additional scope than we have to perform. In a	
19 certain sense you can deal with two sets of 19 relevant to the work that PwC is doing?	
20 rules. And the other part of that is 20 A. We perform audits either in terms of	
21 considered in who we address our opinion to. 21 GAAS as promulgated by AICPA or PCAOB, at	and
22 Q. And in the case of the Highland 22 there are differences in those standards.	
23 audits, did PwC make an effort to determine who 23 And a correction to your previous	
24 would be reviewing and relying on the audits, 24 question, on materiality the basis for forming	
25 audited financial statements? 25 a point of view on what is material is not	
Page 88	Page 89
1 BURGER 1 BURGER	· ·
O different but there are entering according to the	
2 different, but there are certain nuances in our 2 A. Yeah. The standards from a PCAOB	
2 different, but there are certain nuances in our 2 A. Yeah. The standards from a PCAOB 3 obligation of neutrality as to whether I'm in a 3 the asset and disclosure requirements under the	e
	е
3 obligation of neutrality as to whether I'm in a 3 the asset and disclosure requirements under the	Э
 3 obligation of neutrality as to whether I'm in a 4 PCAOB engagement or a AICPA engagement. 3 the asset and disclosure requirements under the 4 PCAOB rules, which would not be there under 	Э
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	Page 90			Page 91
1	BURGER	1	BURGER	. aga a
2	Q. – related-party notes and then what	2	as to whether the notes in question would be	
3	would you call them non-related-party notes if	3	potentially forgiven or discharged; is that	
4	they're not related-party notes? Is there a	4	correct?	
5	term for that?	5	MR. MORRIS: Objection to the form	
6	MR. MORRIS: Objection to form of	6	of the question.	
7	the question.	7	MR. AIGEN: What is your basis for	
8	A. Third party, unaffiliated.	8	the objection?	
9	Q. When analyzing the collectability of	9	MR. MORRIS: It is not their	
10	notes, is there any differences in what PwC was	10	responsibility to do that. There is no	
11	doing looking at affiliated – non-affiliated	11	foundation.	
12	transaction notes versus related-party notes?	12	Q. That is fine, you can answer the	
13	MR. MORRIS: Objection to the form	13	question.	
14	of the question.	14	A. No, we did not as we did not have	
15	A. Not really.	15		
16	Q. You say "not really," that can –	16	Q. If PwC had learned that there was	
17	A. Yeah, not – no, there isn't,	17	some condition down the road that could	
18	because at the end of the day whether a note is	18	potentially discharge or forgive the notes,	
19	collectable or not is something that you have	19	would PwC have had to do some sort of analysis	
20	to get evidence of, and the existence of the	20	to determine if that condition would need to be	
		21	disclosed?	
21	note is something you have to get evidence of.			
22	Q. I think I can finish up with a	22	A. Yes, if you become aware of any	
23	couple more questions here. I just want to	23	adverse event which may impact the valuation of	
24	sort of go back to what we talked about in the	24	any asset you have to consider that.	
25	beginning. PwC did not do any sort of analysis	25	Q. And in order to consider that, you	
		1		
1	Page 92	1	DI IDCED	Page 93
1	BURGER	1	BURGER O PluC was never given any information	Page 93
2	BURGER would look at the probability that that event	2	Q. PwC was never given any information	Page 93
2	BURGER would look at the probability that that event would occur; is that correct?	3	Q. PwC was never given any information about the possibility that any of the	Page 93
2 3 4	BURGER would look at the probability that that event would occur; is that correct? A. Correct, probability and potential	2 3 4	Q. PwC was never given any information about the possibility that any of the affiliated promissory notes might be forgiven;	Page 93
2 3 4 5	BURGER would look at the probability that that event would occur; is that correct? A. Correct, probability and potential impact.	2 3 4 5	Q. PwC was never given any information about the possibility that any of the affiliated promissory notes might be forgiven; correct?	Page 93
2 3 4	BURGER would look at the probability that that event would occur; is that correct? A. Correct, probability and potential impact. Q. And materiality?	2 3 4	Q. PwC was never given any information about the possibility that any of the affiliated promissory notes might be forgiven; correct? A. Correct.	Page 93
2 3 4 5 6 7	BURGER would look at the probability that that event would occur; is that correct? A. Correct, probability and potential impact. Q. And materiality? A. Materiality.	2 3 4 5 6 7	 Q. PwC was never given any information about the possibility that any of the affiliated promissory notes might be forgiven; correct? A. Correct. Q. PwC was never informed that 	Page 93
2 3 4 5 6 7 8	BURGER would look at the probability that that event would occur; is that correct? A. Correct, probability and potential impact. Q. And materiality? A. Materiality. Q. And that is nothing that you or	2 3 4 5 6 7 8	Q. PwC was never given any information about the possibility that any of the affiliated promissory notes might be forgiven; correct? A. Correct. Q. PwC was never informed that Mr. Dondero had entered into an agreement that	Page 93
2 3 4 5 6 7 8 9	BURGER would look at the probability that that event would occur; is that correct? A. Correct, probability and potential impact. Q. And materiality? A. Materiality. Q. And that is nothing that you or anyone at PwC did with respect to any potential	2 3 4 5 6 7 8 9	Q. PwC was never given any information about the possibility that any of the affiliated promissory notes might be forgiven; correct? A. Correct. Q. PwC was never informed that Mr. Dondero had entered into an agreement that could impact the collectability of any of the	Page 93
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Case 21-03004-sgj Doc 111-12 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E2 FRage 2/6 of 200 PageID 35477

1	BURGER	Page 94	1	BURGER	Page 95
2	56.162.11		2	CERTIFICATE	
3	PEET BURGER		3	OEKTH TOXTE	
4	TELT BONGER		4	I, SUSAN S. KLINGER, a certified	
5	Subscribed and sworn to before me		5	shorthand reporter within and for the State	
6	this day of 2021.		6	of Texas, do hereby certify:	
7	tills day 01 2021.		7	That PEET BURGER, the witness whose	
8			8	deposition is hereinbefore set forth, was	
9			9	duly sworn by me and that such deposition	
10			10	is a true record of the testimony given by	
11			11	such witness.	
12			12	I further certify that I am not	
13			13	related to any of the parties to this	
14			14	action by blood or marriage; and that I am	
15			15	in no way interested in the outcome of this	
16			16	matter.	
17			17	IN WITNESS WHEREOF, I have hereunto	
18			18	set my hand this 30th of July, 2021.	
19			19		
20			20		
21			21	Susan S. Klinger, RMR-CRR, CSR	
22			22	Texas CSR# 6531	
23			23		
24			24		
25			25		
1	ERRATA SHEET	Page 96			
1 2	ERRATA SHEET Case Name:	Page 96			
2	Case Name:	Page 96			
2	Case Name: Deposition Date:	Page 96			
2 3 4	Case Name: Deposition Date: Deponent:	Page 96			
2 3 4	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Case Name: Deposition Date: Deponent: Pg. No. Now Reads Should Read Reason	Page 96			

Index: \$1..amount

				Index: \$1amount
	20 6:20	34 26:15 27:10	16 59:12	affiliated 23:12,16,
	2000 44:20 56:11	35D 27:13,19	absolute 59:6	19 24:7,23 25:3 90:11 93:4
\$1 63:25	2013 7:2,3,5	36 28:14,18,22	absolutely 10:16	affiliates 31:17,23,24
\$1.7 74:21 75:12,23	2014 5:21,24 6:9	38 54:9,10	accept 49:2	32:2,10,20 33:12,18,
76:7	2015 38:3	3rd 17:23 19:15 21:14	acceptance 49:18	23 35:9,20 36:3,20 39:8 41:8 43:15 51:5,
\$11.7 40:14	2017 30:3,18,23 31:3,	24:20,24 48:5 54:3, 22 69:22,25 71:6,12,	Accepted 8:22,24	14 52:10,17 53:3,17,
\$116 61:4	9 33:22 36:15,24 37:6 39:18 40:19	18,24 72:9,15,20,25 73:11,17,22 74:4,9,	9:11,16,18 15:23 16:5 22:2	23 55:23 65:20 67:20 68:9,23 69:17 70:25
\$14 67:2	41:2,7,14,16,20 43:7 44:21 56:14 63:10	19 75:9,21 76:5 79:2	accommodations	African 6:15
\$150,000 63:20	67:3 82:3,15		93:19	agree 80:15
\$2 67:10	2018 7:6 20:15 21:9	4	accompanying 15:6,17 34:7	agreement 60:11
\$200,000 63:19	40:14 46:22,25 47:13,20,24 51:12	4 47:7,8,9 67:9,14	accordance 15:23	66:18,22 67:18 68:7 93:8
\$750,000 67:4	52:22 53:10,20 55:8,	41 39:22	16:8,9	agreements 26:21
1	21 56:10,22 59:18 60:17 63:18,20 64:2	413 23:24	account 61:12	61:21
	67:6,11 68:22 82:3,	416 25:7	accountant 13:7,8	AICPA 9:3 87:21
1 17:22,25 66:25 78:17	15	417 28:13	accounting 8:19	88:4,18 89:5
10 33:24	2019 17:23 19:15 21:14 24:18,24 25:4	419 19:3 29:6	9:19 16:5,6	AIGEN 14:19 15:25 16:16 18:3,8 23:8
11 24:4,6,23	48:5 54:3,22 67:17		accounts 44:2	25:24 26:12 32:22
116 61:2	68:6 69:22 70:2 71:6, 12,18,24 72:9,15,20,	5	accrued 38:21	33:14 35:16,21 36:4 37:9 39:11 45:4
117 61:2	25 73:11,17,22 74:4, 10,20 75:10,21 76:5	5 55:9,10,17 68:18,20	accuracy 21:18 61:19	46:12 47:3,9 53:11 54:7 55:14,17 57:9
11:41 93:22	21st 38:3	69:4 70:11,16	accurate 41:9 50:5	60:3,21 61:22 64:16,
11:45 76:20	25th 63:18	50 21:2,13 24:16	acting 67:19 68:7	22 65:3 66:2,17 67:24 68:13 69:5,9
13 63:5	26 51:17	8	actual 64:20 75:7	70:3,18 71:2,8,14,20
13.9 63:7	26th 63:20		add 46:13	72:3,11 73:4,13,24 74:13,25 75:15 76:2,
15 51:14 54:10,18,22 55:6	28 34:17 52:6,7	8 51:18 52:15,19 54:6 78:2	additional 51:9 60:14 78:22 86:17,18	11,17 91:7 92:13,24 93:11,15
16 39:25	29 52:8	8th 64:2	address 86:21	alleged 28:6
17 82:4	2nd 49:3		adds 63:7	allocated 64:2,3,4
173 62:11	3	9	adequate 58:22	ambiguous 8:13
18 20:25 82:4,5		9 34:19 35:7,15,19	adjourned 93:22	amended 71:19
18th 67:11	3 41:4 68:19	36:13 39:3,6 52:8 78:2	adjusted 74:15	72:21 73:23 75:24 84:13 86:3
19 82:5	30 35:3,6,7 39:20	90 78:18	adjustment 75:5,8	amendment 69:3,
1997 6:14,17	30th 24:18 25:4		adjustments 25:18	21,24 70:6
19th 67:6	31 39:20 63:9	A	adverse 60:12 75:4	amount 31:21 38:20
1st 5:21,24 49:3	31st 20:15 21:9 36:15,24 40:19 41:20	a.m. 93:22	80:25 85:16 91:23	40:14 44:15 45:15 61:5,9,13 62:4,12,21,
	46:25 47:12,20 53:10	AB 63:15	affiliate 24:11 36:14, 23 52:21 53:9	22 63:18,20 64:14
2	32 25:9,10,21 26:10	ability 44:16,17,23	affiliate's 59:2	66:15,23 74:21 75:11,22 76:6
2 30:6 31:11 51:2		57:7,12,25 58:8,13,	anniate 3 09.2	

Index: amounts..combination

amounts 31:16,23 32:2,9,12,19 33:11, 18,23 34:15 35:8 36:3,10,13,17,18,20, 23 41:8 42:19,23 43:14 44:19 51:5,13 52:9,20,24 53:2,9,15, 16.22 55:22 58:23 61:18 62:19 64:13 67:21 68:10 69:16

analysis 44:10,13 46:7,10 57:3,12,13 59:15 81:18 90:25 91:19

analyze 58:15 80:2,5 81:5 85:11

analyzing 57:6 80:6 90:9

answering 78:9

answers 7:22

apologize 7:18 15:3 41:25 47:6,16 68:15 83:14

applicable 50:18

applied 67:5

apply 24:6

approach 10:8

approve 50:23

approximate 38:24

approximated 64:14

approximately 39:8 61:2,4 63:5,7 82:13

approximates 37:15 53:23

April 7:3 11:2,3,17

argue 82:20

arising 24:13

arm's 65:8,11

articulated 75:17

ascertain 58:7

Asia 21:6

aspects 57:5

assert 26:7 28:20

asserting 26:18

assertion 38:8

assess 58:20 60:14 80:2

assessed 79:22

assessment 26:17 57:19 58:25 62:4 92:19

asset 32:5,7,8,10,14, 15,16,17 38:15 89:3 91:24

assets 31:13.16 32:3,21 33:12,18,25 38:13 51:15 57:22 58:13,21

associate 42:7,8

assurance 8:18 9:9. 12,14,15 15:22 16:14 22:20 32:16 57:20 59:8

attention 34:12

audit 5:18,19,22 6:8, 16.19 7:4 8:17 9:6.8 10:8,24 12:16,18 13:14 14:22,24 16:9, 20 17:12,15,19 21:8, 21,25 22:19 26:11 27:10 29:4 30:22 39:14,17 41:7,14,17, 18 42:21 43:7 44:7, 21 47:18 49:7,10,14 50:10 54:3 55:21 56:22 59:18 60:18 78:22 83:18 84:2,4 85:18.20 86:6

audited 13:19 14:10 16:7 30:18 37:5 46:24 47:11,25 86:25

auditing 8:19,23,24 9:11,17 10:2 15:23 16:4 22:3 31:3 86:9

auditors 48:19

audits 6:3,25 13:12 14:14 20:6 23:18 29:25 82:2,7,14,24 86:23,24 87:20

aware 23:10 26:20 28:25 57:23 60:6

69:2,20,24 80:23 83:18,19 84:6,20,25 85:16,18,23 86:5 87:5 91:22

awkward 18:10

В

back 19:11 21:7 42:8 45:14.16 49:24 61:20 62:14 68:16 77:8 90:24

background 18:25

balance 20:10,14 24:13 29:16 32:3,11, 21 33:4,12,19,22 36:9,19 40:7,18 42:20 43:22,24 44:5 51:3 53:2 61:5,10,14 62:16 75:4,8

balances 44:2

banks 87:6

base 44:25 59:20

based 21:12 39:2,5 42:23 59:9 61:25 64:10 66:6 71:25 74:14 76:7

basic 36:11

basically 9:2 25:22 38:22

basis 5:23 6:20 22:19 34:14 59:4 83:5 87:24 91:7

Bates 18:4,8

Beautiful 30:14

begin 6:23 7:22,24, 25 10:23 11:7,19,23

beginning 6:8 54:10 90:25

begins 22:9 29:8

behalf 47:11 66:21 67:19 68:8

believed 16:13

biggest 13:14

bit 37:19 39:23 63:24

67:9 89:6

bona 24:11

bottom 20:18 34:4 43:10 48:5

break 8:7 82:10

briefly 6:6 broader 73:7 **Burger** 5:1,3,10,12 6:1 7:1 8:1 9:1 10:1 11:1 12:1 13:1 14:1 15:1 16:1 17:1 18:1, 2.9 19:1 20:1 21:1 22:1 23:1 24:1,3 25:1 26:1 27:1 28:1 29:1 30:1,7 31:1 32:1 33:1 34:1 35:1,4,25 36:1 37:1 38:1 39:1 40:1 41:1 42:1 43:1 44:1 45:1 46:1 47:1 48:1 49:1 50:1 51:1 52:1 53:1 54:1 55:1,15,20 56:1 57:1 58:1 59:1 60:1 61:1 62:1 63:1 64:1 65:1 66:1 67:1 68:1 69:1 70:1 71:1 72:1 73:1 74:1 75:1 76:1 77:1 78:1 79:1 80:1 81:1 82:1 83:1 84:1 85:1 86:1 87:1 88:1 89:1 90:1 91:1 92:1 93:1,16 business 43:3 56:18

C

calculated 36:22 53:8

call 23:15 25:15 26:5 41:3 49:2 50:12 58:21 70:23 90:3

called 13:25 35:8 36:2,19 50:19 53:2 57:2,15 62:14

calling 88:15 capably 30:10

capacity 6:2

Capital 6:3.24 7:8.11 23:21 31:22 40:10

capture 40:4,5

carried 21:24 32:2, 20

carry 51:7

carrying 21:20 33:17 37:15 38:9,16,17,18, 24 53:23

case 8:22 11:21 86:22

CFO 13:4 19:22 83:7

chance 78:17 83:20

change 78:18

Changing 89:6

charge 7:5

chief 13:6

circumstance 60:2

circumstances

70:12,23 71:13 72:16 73:18 89:22

claims 24:12

clarification 15:4 16:10 24:21 68:21

classic 32:14

clean 50:13,16 59:17

clear 10:20

client 49:19 61:5,9 62:5 86:15

client's 49:13

closed 34:9

closing 63:9

coincidence 48:13

collectability 70:24 75:18 90:9 93:9

collectable 71:7 72:10 73:12 74:11,22 90:19

collective 59:20 62:20

column 57:15 61:12. 17 63:14

combination 58:3

Index: combining..Dondero

combining 82:9
comfort 42:22
comment 15:16
committee 50:14
communicated 83:17
communication 12:23 83:12
communications 82:18,23 85:25
compile 15:8
compiled 15:13
completed 7:7 39:17
completeness 26:17 27:4
completing 30:22
completion 10:7,11, 22 21:20,25
compliance 9:10
concentrate 89:23
concept 38:22
concerns 22:25 59:22
conclude 44:20 58:16 59:11
conclusion 69:12,14
conclusions 62:2
condition 80:3 91:17,20
conditions 67:23 68:12 72:2 73:3 74:6 76:8 92:10
conducted 82:4,5
confirm 21:18 37:21 53:5,7,19 55:20,24 56:16,20
confirmed 21:11 24:18
conformance 16:15
conglomerate 9:4
Connect 13:25

1991-Y DOCUMEN
connection 10:2 14:14 16:19 31:8 41:7,13 44:6,21 47:24 53:20 59:17,18 60:17
considered 9:3 22:12,17 23:6,20 38:9 65:7,13 86:11, 21 88:20
considers 87:10
consistent 5:23 6:20
consolidated 27:23 31:21 34:8 51:3
constituted 33:24
consultation 50:21
contact 12:17,21 13:3
content 49:19,21
context 18:23 38:12
continuing 52:7 70:22
contractual 38:19
contractually 58:11
control 89:17,20
conversations 83:23 84:5,10,15,17, 20 85:2,4,17
conveyed 36:2
copy 30:13
correct 6:15,22 11:25 12:7,11 15:14 19:6,10 20:12,16,17 21:13 24:15,19,20 25:4,5,25 27:24 29:2, 10 33:4,5,8,9 34:2 35:10,15,22 36:16,21 37:18 39:12 40:2,11, 20,21,24,25 41:21 43:17 46:21 51:16 52:5,13,14,17,18 53:12,25 54:8,20,25

56:23 57:10,13,14

67:7,15 68:24,25

63:11,22 64:5 66:14

69:18,19 74:24 75:19

79:9,13 81:9,11 82:3

84:17,18,22,23 85:19

88:15 91:4 92:3,4,11, 40:19 41:19 46:25 23,25 93:5,6,10,12 47:12,20 53:10 67:3, 6,11 correction 47:14 decide 88:6 87:23 correctly 9:7 decided 17:19 53:6 66:15 **counsel** 76:21 deciding 59:16 counterparty 44:18 60:7,13 decision 33:10 **couple** 85:19 90:23 dedicated 34:22 50:15 court 8:4 default 25:3 57:21 created 56:14 58:11 creating 56:13 defer 25:17 credit 44:9,12 57:2, defined 23:6 31:24 definition 22:12,16, creditworthiness 20,25 32:4,6,8,15 59:2,6 89:15 current 21:12 24:24 depending 75:6 85:9 88:22 D depends 13:13 80:9, 13 82:25 data 57:24 60:6,12 deposed 7:14 date 20:10 21:20,24 deposition 18:7,10 22:5,6 24:13 29:16, 45:24 46:3 93:22 17 48:8,14,21,25 49:2 61:11 63:9 derived 20:7 dated 48:4 describe 9:24 34:21 35:19 41:9 49:16 **dates** 6:11 52:16 54:13 58:5 **Dave** 83:6,13 description 54:23 **David** 12:25 61:12 day 48:20 90:18 detail 43:20 45:14 51:24 62:14,15,18 day-to-day 83:5 68:16,21 69:4 70:10, **deal** 35:24 44:17 45:17 86:19 detailed 43:10 56:25 deals 22:20,21 determine 80:3 dealt 12:20 45:13 86:23 91:20 83:5,9 determines 49:12 debtor 35:20 52:17 deviation 50:21 58:18 deviations 31:6 debtors 30:22 47:22 50:3 debtors' 39:3 62:3 differ 37:12 38:17 December 20:15

78:16 88:12,20,24 differences 87:22 88:23 90:10 diligence 45:6 58:4, 6 59:9 directly 56:7 84:2 85:7 discharge 80:8 91:18 dischargeability 85:5 dischargeable 86:3 discharged 81:19 84:12 91:3 **disclose** 34:25 78:2 80:21 disclosed 27:22 28:9,24 74:12,14,23 75:13,25 76:10 77:16,22,23,24 78:8 79:6.16 80:4.17 87:11,18 88:25 91:21 disclosure 29:17 40:7 54:15,24 75:7 79:2 80:21 81:3 89:3 disclosures 28:6,7 29:18 50:4 discount 39:18 54:4 discussion 85:15 discussions 80:12 85:6,24 dispute 32:19 document 15:10 17:22 18:12,13,15,21 19:12 30:9 33:7 34:18 37:20 41:10,23 42:17,18 43:25 48:4 49:8 56:13,16,20 59:16 documentation 46:16 documents 47:15 dog 27:16,19 **dollars** 63:5,7 difference 61:4 **Dondero** 19:8,14,18,

21:9 36:14,24 38:3

Index: Dondero's..GAAS

22 21:3,11 23:4,12 24:10,17 25:21 27:20 28:22 40:12,22 58:16 59:4 64:7,8,13,19 65:2,20,22 66:6,11, 22 67:4,10,17,20 68:3,6,8 70:21 71:5, 11,17,23 83:24 84:5 93:8

Dondero's 18:7 58:13

drafted 20:2

drafts 14:21 15:16

draw 34:12

Drew 83:4,10

driven 88:10

due 18:24 31:17,24 32:2,9,19 33:11,18, 23 35:8,20 36:3,13, 20,23 39:9 41:8 43:14 44:15 45:6,19, 21 51:5,13 52:9,20 53:3,9,15,16,22 55:22 58:4,6 59:9 61:10 62:23 63:3 66:12 67:22 68:11 70:24 75:11 76:6 81:19

duly 5:4 **duties** 9:22

duty 27:3 50:10

Ε

earlier 31:7 40:18 47:23 48:10 49:3 57:4 82:16 83:3 89:8

earnings 64:10 66:7, 13

easier 30:14

easy 18:12

effect 80:25 89:15

effectively 48:22

effects 75:4

effort 86:23

efforts 30:22 31:3

employed 5:11 6:6 42:3

enable 14:10 66:12

encourage 18:18

end 14:2 21:19 33:22 43:15 51:10,12 52:21 77:12 84:7 87:8 90:18

ending 19:3 20:15,25 21:9 23:24 28:13 40:19 41:19 46:25 47:12.20

ends 37:11,22

engaged 11:11

engagement 7:5 9:5 10:25 15:20 50:18 85:8 88:4,8

entered 67:18 68:6 93:8

entities 23:12

entitled 32:15 34:19 39:24 52:9

entity 19:23 32:13 63:2 89:18

equal 39:8

error 26:5

evaluation 62:22

event 40:23 75:7 78:25 80:7,9,12,13, 15,21 81:6,13 85:16 91:23 92:2

events 22:4 28:8 29:15 39:24 40:6 48:24 54:14,23 55:5 77:25 79:7,17,21 80:22 81:19,25

evidence 58:9 59:7 90:20,21

EXAMINATION 5:6 76:16 92:15

exceeded 51:14

exchange 23:13

38:15

Excuse 27:15

execution 10:8,11 11:6,14,15 12:18 13:15

exhibit 17:22,25 30:5,6 41:3,4 47:7,8 55:9,10,17 68:18,20 69:4 70:11,16

existence 42:23 62:21 65:16 90:20

expect 19:24 22:21

expected 17:11

explain 10:20 45:10 89:11

explanations 34:15

express 22:24

extinguished 71:25 73:2 74:5 76:7

F

faced 64:15

facilitate 64:10

facilitated 12:21,22

fact 25:17 33:6 54:22 60:10

fair 6:21 12:2,3 17:17 27:18 28:21 35:18 37:14 38:8,10,11,13, 21,23 39:2,5,7,13,15 51:12 53:21 54:2,4 58:24 79:3,18,21,25 81:5,16

fall 11:24

familiar 9:21 16:22 46:23

February 67:17 68:6

feed 12:9

feeds 62:13

fide 24:11

fieldwork 11:2,5 12:12,13

.....

file 41:12

filings 58:14,15,19,

final 10:24

finalized 14:23

finally 76:4

financial 7:6 9:9 10:3 13:19 14:11 15:2,5,6, 12,17,22 16:14 26:6, 22 27:23 30:3,19,23 31:3,9 34:8,25 37:6 39:3 41:18 44:4 45:16 46:23,24 47:11,19 53:20 56:22 61:15 62:17 75:6 80:22 81:2 86:8,25 87:9.17 88:25

financials 9:17 16:8 47:25 48:22 50:3,5 74:15 80:17 87:7 88:11

find 25:13

fine 23:17 91:12

finish 7:21,25 73:6 77:8 90:22

firm 6:15

fiscal 10:23 11:24 20:15 21:9,19 41:19 43:16 51:10 52:21

focus 78:11

focused 45:19

follow 10:4 49:24 56:12

follow-up 14:18

follow-ups 92:18

footnote 36:7

footnotes 34:16 77:25

forgivable 84:12

forgive 80:7 91:18 92:10

forgiven 70:11,17 71:13 72:16 73:18 75:12 78:7,14,18,19, 21 79:8 91:3 92:20 93:4 **form** 14:19 15:25 16:16,23 20:4 23:8 24:14 25:24 26:12 32:14,22 33:14 35:16,21 36:4 37:9 39:11 45:4 46:12 53:11 54:7 57:9 60:3, 21 61:23 64:16,22 65:3 66:17 67:24 68:13 69:5 70:3,18 71:2,8,14,20 72:3,11 73:4,13,24 74:13,25 75:15 76:2,11 79:10, 19 80:18 81:7,21 85:21 87:12 90:6,13 91:5 92:24 93:11

format 86:13

forming 87:24

forms 32:12 59:20

forward 7:12 21:24

found 26:5 58:14

foundation 69:12 91:11

framework 49:23

Frank 13:4 19:8 83:7

fraud 27:4

front 18:12,15 30:13, 19 35:5 37:21

fulfill 50:10,12

fulfillment 72:2 73:3 74:6 76:8

full 60:15

fully 30:10 60:10,19

function 80:10

fund 88:8,10

future 79:17 81:20

G

GAAP 16:2,8,15 29:20,22 34:24 38:7 49:6 50:6 52:3 70:20 89:14

GAAS 16:3,9 29:21 49:6,7 87:21 89:14

Index: gain..make

gain 42:22

Garcia 42:2,3 56:2

Garcia's 42:14

gave 78:24

general 19:23,24 21:10 44:3 49:9 53:21 65:4,5 82:7,11 87:3

generally 8:22,24 9:10,16,18,25 15:23 16:5 22:2 23:10 49:17 87:3 89:11

give 6:10 15:21 22:22 50:12 57:20 59:7

good 5:8 62:7

governed 9:3 86:14 88:16,17

greatly 93:16

ground 7:19

group 6:16

guess 20:24 76:18, 24 84:25

Н

half 31:12 63:5

happen 59:25

happened 78:24

hard 30:12 76:19

HCMLP 42:21

HCMSI 45:19,21 46:4,5 62:24 63:3,25

hear 79:12

hedge 88:10

Hendrix 13:5 83:3,15

high 89:11

Highland 6:3,24 7:5, 8,10,11 10:2,13 11:8 12:6,9,17 13:12 14:4, 14,22 15:13 16:19,24 22:24 23:11,20,21 31:22 32:18 33:6,10 35:13 39:6 40:9 44:6 51:25 53:14,21 54:19 55:4 57:24 59:11,24 63:25 66:21 67:11,19 68:5,8,24 69:17 70:15 73:8,10,16,21 74:3 82:14,19,22 83:17 84:11,21 85:4 86:2,22

Highland's 30:23 31:3,8 32:3,20 33:4, 19,24 43:7 46:24 47:19 51:15 56:22 62:3

Hilda 42:2,3 85:10

Hold 69:7

hope 93:20

- 1

idea 36:10

identified 31:16

impact 79:23 91:23 92:5 93:9

important 7:20 28:5 86:12

inaccurate 37:7

inaudible 38:25

include 54:22

included 22:16 36:17,18 40:17 52:24

including 13:15 21:3 65:20

incorrect 53:17

independent 48:19

individual 12:19 45:15 46:16,19 59:3

individually 62:19

industry 88:22

influence 89:17

inform 70:22 71:5, 11,17,23 72:8,14,19, 24 73:10,16,21 74:3

information 10:19 12:5,9 13:18,22 14:3, 6,9,18 23:5 35:14 36:2 40:8,9 43:18,19

45:2 52:12 54:17,18 57:25 59:10 64:18 65:9,23 74:12 77:16 92:21 93:2

informational 11:8

informed 40:24 55:4 68:3,5 70:5,15 93:7

inquiry 64:12,25 65:5,18

instance 56:2 78:3,5 85:9

insurance 9:13

integral 34:8

intended 35:19 40:3 43:13 51:23 52:16 54:13

intent 44:16 57:7

interest 38:21 39:9 61:10 63:3 64:4 65:13,14 67:5,13 89:20

internal 49:11

interrupt 47:3 61:23

involved 65:15 83:21 85:10

issue 59:16 81:16

issued 40:13,22 48:19,23 54:3 58:18 63:18,19

item 36:18 42:20 52:25 62:12 85:13

items 22:12,17 23:6 79:7

J

James 19:8

January 5:21,24 6:14,17 67:17 68:6

John 30:12,17 55:17 77:2 93:18

ioin 6:16

ioined 6:13,14

June 17:23 19:15

21:14 24:18,20,24 25:3 37:3 48:5 49:2 54:3,22 63:18 69:22, 25 71:6,12,18,24 72:9,15,20,25 73:11, 17,22 74:4,9,19 75:9, 21 76:5 79:2

junior 83:9

K

key 89:18

kind 57:5

Klos 12:25 13:2 83:6, 13,15

knowing 80:14

knowledge 21:12 29:8 53:13,18 54:21 66:16,21 71:4,10,16, 22 72:7,13,18,23 73:9,14,15,19,20,25 74:2,8

Kristin 13:5 83:2,10

L

L.P. 6:4,25 7:9,11 23:22 31:22

La 21:6

label 18:5,8

lack 13:5 75:17

language 78:13

layout 42:19

lead 30:21 31:2

leads 10:24

learn 79:22

learned 74:9,19 75:9, 21 76:4 77:13 78:6, 20,21 91:16

leave 55:12

ledger 44:3

left 63:9,24

legal 60:11 61:21 69:11,14

legends 46:17

lenders 87:6

length 65:8,11

letter 16:23 17:13,24 19:13,19,25 20:2,14, 21 21:8 22:16 23:7 48:9,18 50:24

letters 16:19 17:4,8,

level 25:14 89:11

liability 64:14

limit 77:6

limitations 50:8

limited 19:23

link 46:15

list 31:13 43:13

listed 61:11

listing 44:2

lists 68:22 69:16

litigation 81:16

loan 38:20 60:15 64:9 66:25 67:2 79:24

loaned 23:11 64:13

loans 45:18 64:7,8, 19 65:2,7,10,19,25 66:5,11,16,23

long 10:6

look-through 59:4

looked 36:19 40:18 48:9 52:25 57:5

М

made 20:21 21:2 29:18 33:10 44:5 59:24 64:19 65:5 66:5,11,22 67:2,4 68:23 81:17 92:19

Madeline 56:3 85:10

make 10:18 12:5 13:21 14:13 17:10 18:4,24 64:12,25 65:18 67:10 73:7

Index: maker..payments

86:23 88:19,24

maker 46:19 57:22 59:23

maker's 57:25

makers 23:19 24:12 44:21 58:7 59:11 61:11

makes 42:19 45:15 62:18

management 6:3,24 7:9,11 14:9 16:23 17:3.7.10.18.23 19:13,21 20:4,13 21:17 22:15,22 23:22 25:16,17 26:7,18 27:5 28:10,19,21 31:22 36:25 37:2,4 40:11 43:21 45:3,5 48:9,18 52:13 53:6,8 60:9,18 66:8,19 80:12 89:18

management's 49:3

manager 85:7

managers 83:13

March 63:20

mark 55:10

marked 17:22,25 30:6 41:4 43:10 44:9 46:17 47:8 55:9

marking 47:4

material 22:3,13,17, 23 23:6 25:23 26:8, 20,24 27:6,21 28:8 34:25 40:6,23 50:2,3 54:13,23 55:5 61:21 62:20 75:3,4,5 80:25 87:10,25 88:20 89:17

materiality 22:21 23:2 25:14 42:24 74:15 80:10 81:13 87:24 88:7 92:6.7

materially 57:22

math 33:21

matter 83:8,11

means 25:11 26:15 28:18 29:14,15 38:5, 6 46:2

meet 25:14

meetings 83:11

meets 32:4

met 67:23 68:12

metrics 88:9

Michael 55:12 88:13

Michael's 35:24

middle 22:7

million 40:14 63:5.7. 25 67:2,10 74:22 75:12,23 76:7

mind 30:24 62:6 79:6

mindful 7:20

minus 38:21

misstatements 25:13,16 50:2

moment 27:14

money 23:11

morning 5:8

morphed 13:23

Morris 5:7 18:6 21:6 30:17 47:6 55:11,18 69:6 76:14 77:13 79:10,19 80:18 81:7, 21 85:21 86:4 87:12 89:10 90:6,13 91:5,9 92:16 93:13,16

Morris' 78:12 79:4 84:7

move 30:3

mutual 88:10

Ν

national 50:22

nature 83:2

necessarily 27:3

needed 13:19 88:24

neutrality 25:19 88:3

non-affiliated 90:11

non-related-party

90:3

noon 76:22

note 34:22 35:7,15, 19 36:13 39:3,6,25 51:18 52:8,15,19 54:6,9,10,18,22 55:6 60:8,9,11 63:8,13,17, 24 67:9,13 70:7 77:4 78:2,3 85:14 90:18,

notes 15:6,12,17 23:13,15,16,20 24:7, 11,23 25:3 31:16,23, 25 32:9,13,19 33:11, 17,23 34:7 35:8 36:3, 9,20 37:8,15,16 38:2, 6,7 39:7,10,19 40:12, 13,22 41:8 43:14 44:22 45:12,15 46:5, 19 51:5,9,13,23 52:9 53:2,16,22,24 54:5, 12 55:22 57:6,20 58:10,11,17 59:8,12, 24 60:19 63:4,6 65:12,17 67:22 68:11,22 69:3,18,21, 25 70:10,16,24 71:6, 12,18,25 72:9,15,20 73:2,11,17,22 74:5, 10,20 75:10,22,23 76:5 78:7 79:8 80:8 81:16,18 84:11 85:5 86:2 89:23 90:2,3,4, 10,12 91:2,18 92:10, 20 93:4,10

nuances 88:2

number 24:4,6,22 25:8,10,21 26:10,14 27:10,19 28:14,22 45:12,18 51:18 66:25 67:9,14 68:16

0

objecting 61:23

objection 14:19 15:25 16:16 23:8 24:14 25:24 26:12 32:22 33:14 35:16, 21,24 36:4 37:9 39:11 45:4 46:12 53:11 54:7 57:9 60:3, 21 64:16,22 65:3 66:2,17 67:24 68:13

69:5,7,8 70:3,18 71:2,8,14,20 72:3,11 73:4,13,24 74:13,25 75:15 76:2,11 79:10, 19 80:18 81:7,21 85:21 86:4 87:12 90:6,13 91:5,8 92:24 93:11

obligation 67:21 70:22 88:3

obligations 23:19 35:19 40:17 52:16 59:13,23 64:21 68:10 71:24 72:25 74:4

obtain 13:18,22 58:20 62:18

obtained 61:13

occur 80:24 81:6,20, 25 92:3

occurred 29:16 40:6 78:25 79:7 80:23

occurring 22:4

October 11:22 64:2

office 50:22

omitted 55:6

one- 14:25

opinion 9:6 14:25 22:5 29:17 44:24,25 49:8,20,21 50:13,14, 17,20,24 54:3 59:17, 20 86:21

opportunity 15:15 17:9

oral 67:18 68:7 69:2, 20,24 70:6

order 15:21 16:13 17:14 18:21 30:10 66:12 91:25

ordinary 20:6 43:2,6 56:17,21

ourself 44:17

outlines 10:9

outstanding 37:14 43:15 74:21 75:11,22 76:6

oversee 47:10,18 overseeing 42:14

overseen 6:2

owed 52:17 62:4

owes 69:17

owing 36:14,23 52:20 53:9,15 68:11

ownership 28:10 89:19

Ρ

P-A-C-O-C-H-A 56:6

Pacocha 56:4

pages 15:11

paid 63:25

paragraph 20:9 22:8 37:11,22,23,25 38:2

part 10:16 13:14 17:2 26:6 34:8 56:8 57:13 59:19 62:13 81:23 83:17 86:6,20 88:21

parties 27:21 28:20 51:25 65:14

partly 45:5

partner 5:18,19,22 6:8 7:4 12:16 19:23, 24 49:9 50:17,18 87:3

partners 87:4

partnership 40:13 87:2

partnership's 37:14

party 19:21 23:16,19 24:7,11,23 28:6,7,25 34:19,23 59:6 89:16 90:8

patience 93:17

pay 44:23 57:7,13 58:2,8 60:13 66:6,12 67:12,13,21 68:10

payment 67:4,10

payments 38:21 51:8 58:10 64:10

Index: PCAOB..referring

66:6

PCAOB 86:16 87:21 88:4,18 89:2,4

Peet 5:3,10

people 13:10,16 19:18 82:14,18,23 83:9 84:4

percent 33:24 51:14 78:17,18

perform 10:10 11:13 50:6,9 86:18 87:20

performed 9:16 42:22 88:17

period 11:16 40:19 46:25 47:12,19

periodic 83:11

person 83:4 85:9

personal 17:2

personally 6:23 16:22 30:21 31:2 50:23

perspective 8:17 17:6 26:16 28:18 29:14

pertains 41:7

phase 11:6,10,11,14 13:13,15 49:18

phases 12:18

phrase 11:5 41:16

piece 46:4

place 79:17

planning 10:7,11 11:9,10,12,18,23 12:4,18

plural 37:13

point 50:9 76:25 79:9 87:25

points 13:3

portion 30:9 32:10 35:18 39:3,6 52:15 54:5 64:3,4 67:11,12

portions 18:20

possibility 93:3

potential 26:5 80:7, 11 81:12,24 85:5 92:4.9

potentially 74:14 81:19 84:12 86:3 88:24 91:3.18

practice 9:19 21:17

practices 9:21

preparation 31:8 43:7 45:18 46:2,3 47:10,14,24

prepare 13:19 14:10 42:25 43:5 47:15

prepared 33:6 35:13 41:13,18,22,24,25 55:25 56:3,17,21

prepares 20:5

presented 9:18

pretty 10:6 82:11

previous 87:23

Previously 14:4

Price 13:11

Pricewaterhouseco opers 5:15,17,20,23 6:7 13:18 14:8,17

Pricewaterhouseco opers' 6:19 8:16

primary 12:17,20 13:3

principal 39:9 61:10 63:3 64:3 67:5,12 74:21 75:11,22 76:6

principle 29:21

prior 6:7 14:23 22:4,5 37:3,5 51:8,10 71:5, 11,17,23 72:8,14,19, 24 73:11,17,22 74:4

private 88:13,14

probability 80:11 81:6 92:2,4

problem 77:4,6

procedure 42:21

procedures 9:15 10:10 11:12 50:7 86:17

process 9:25 10:4,6, 14,23 31:7 47:23 49:12,16 50:15,22 56:10,12 58:6 59:25 86:6

produce 44:3

produced 18:3

professional 9:5 50:10 81:23

promissory 23:13, 15 39:7 40:13 63:4,6, 8,12,13,17 67:22 68:11 69:3,18,21,25 70:6 81:15 93:4,10

promulgated 87:21

properly 27:22

provide 8:18 9:8 14:9,21 15:9 16:13 23:5 51:24 57:24 59:7

provided 16:24 19:14 40:9 45:2 52:12 54:19 59:10 65:24 79:14

providers 89:22

proxy 38:10,24

public 58:14,15,19, 22 86:15.16 88:13

pull 48:10

purpose 8:17 9:8 17:7 36:7 42:16,18 44:12,14 59:5 62:8, 11 65:2,19,25 80:20

purposes 12:17 13:11 23:18

put 17:21 18:15,22 25:14 30:4 41:5

Pwc 6:13 9:25 10:23 12:5,9 14:10,13,21 15:13,15,19,20 16:12,18,24 17:14,17 19:14 20:5 21:17,23 23:4 25:20 26:2,9,24 27:7,9,25 29:3,23 33:16 37:2,4 39:18 40:23 42:4,25 43:5, 19 44:6,20,25 46:8, 11 47:12 49:11 53:15 54:2 55:4 56:12 57:5 58:6,15 59:10,11,15, 22 61:18,25 64:12, 18,25 65:18 66:4 68:2,4 69:24 70:14, 22 71:5,11,17,23 72:8,14,19,24 73:10, 16,21 74:3,9,11,19, 22 75:9,12,20,24 76:4,9 77:15 78:6,7 79:15 80:2,6 81:17 82:15 83:17 84:4,9, 21 85:3,25 86:7,23 87:10,19 90:10,25 91:16.19 92:9.19 93:2.7

PWC's 12:10 17:6 22:25 24:9 26:15 28:17 29:13 30:21 31:2 37:5 41:6 47:18 54:21 55:21 56:17,21 65:24 88:21

Q

qualitative 57:19

question 7:24 8:11
16:11 18:23 30:11,25
33:17 35:23 44:18
45:20,22 47:17 60:8
62:6,13 69:15 70:23
74:16 76:19 78:9,23
79:11,20 80:19 81:8,
22 83:2 84:25 85:22
87:13,24 90:7,14
91:2,6,13

questions 7:21 15:20 16:12 18:17 24:2 56:25 72:5 73:7 75:20 76:15 77:10, 12,14 78:4,5,12 79:4 82:7,9,12 84:7,9 90:23 92:14 93:14

quickly 55:12

quote 34:7,9 37:13 89:14

R

raise 14:5

rate 65:13,14

reach 62:2

read 27:13 29:11 63:15

reader 34:13 80:21

reading 34:13

reason 33:16 39:18 54:4

reasonable 8:18 9:9 15:21 16:14 22:19 32:16 38:10,14,24 50:5 57:20 59:7 65:7, 10.13

reasonableness 61:19.20

reasons 75:16

recall 6:25 12:15,20 23:3 31:6 47:22 48:10 65:9 66:8,24 83:22

receivable 37:15,16 44:15 53:24 68:23

receivables 23:20, 21 32:13

receive 16:18

recollection 18:22

record 5:9 18:5 33:11 43:23 77:3

recorded 26:22 38:8 60:15 62:17

recoverability 32:17 57:16

recoverable 59:8 60:10,19

refer 7:10

reference 20:10 34:6

referenced 46:16

referred 70:10

referring 8:21 79:6

Index: reflect..steps

reflect 46:8,10 represent 22:22 restate 47:16 **series** 20:20 **South** 6:15 reflected 62:9 resulted 78:22 service 89:22 **specific** 7:8 28:7 representation 16:18,23 17:4,7,13, 66:9,24 80:15 85:23 refresh 18:22 results 45:7 60:14,23 set 9:2 35:14 43:19 18.24 19:13 20:5.14 87:5 44:4.22 46:19 49:5 related 27:21 28:7, 22:16 24:3,6,22 25:8, retain 41:12 52:19 53:16 54:17 specifically 28:6 20.24 34:19.23 51:25 10,12,21 26:3,10,14, 41:17 58:12 59:4 review 12:10 14:22 59:13.15 73:7 25 27:9,12,19 28:2, 57:12,25 64:20 65:12 83:25 15:16 17:3 18:13,21 14,18,22 29:4,20,24 **sets** 36:13 86:19 84:2 85:7,11 87:17 48:9,18 49:4 **speed** 82:8 related-party 35:2 setting 11:12 reviewed 46:3 51:19 89:7,12,13,16 representations **spell** 56:5 **share** 10:12,15 90:2,4,12 17:10 20:20 21:2,13, reviewing 86:8,24 **spend** 11:16 18,24 22:9 24:2,17 **sheet** 20:10,14 24:13 87:8 relates 31:19 45:24 48:25 29:16 32:11,21 **stage** 10:11 11:2,18 51:19 55:22 58:9 rights 77:7 33:13.22 36:9.19 12:4 represented 24:10, relating 83:25 40:7,18 42:20 51:3 risk 44:9,13 57:2,12 11 25:22 27:20 28:23 stand-alone 34:14 53:2 61:11 75:5,8 60:18 relationships 35:2 **road** 91:17 standard 20:7 21:16 **sheets** 32:3 33:4,19 representing 26:19 relevance 87:15 room 18:11 standards 8:20,21, 27.7 **show** 60:12 63:2 relevant 10:9 15:21 routine 83:8,10 23,25 9:5,11,17,20 request 14:5 18:19 **shows** 33:22 60:7 45:17 46:13 78:3 10:9 15:24 16:6 22:3 rules 7:19 9:2.4 26:2 27:25 87:9,17,19 63:23 26:7 27:2 48:23 70:21 86:20 89:4 86:16 87:22 88:18,19 requests 10:18 11:8 side 77:2 reliability 62:3 89:2 12:5 14:18 relied 17:18 86:17 S sian 9:6 19:25 start 10:25 77:11 require 21:17.23 **relies** 86:14 **sign-off** 17:14,19 26:7 48:15.17 54:14 started 7:18 **save** 11:16 49:13 59:5 85:12 75:7 relieved 67:21 68:9 **starting** 19:20 38:3 **scope** 17:11 50:8 signature 29:7 50:25 required 17:14 rely 14:9 23:4 26:9 86:18 starts 10:6 29:17,20 34:15 48:24 27:5,7,9 28:10 29:3, signatures 19:5,8 49:6 50:3 52:3 54:24 **screen** 17:21 18:16 23 59:15 state 5:8 **signed** 14:25 19:18 30:16 31:13 41:6 74:11,23 75:13,24 relying 86:8,24 87:7, 29:4,25 **stated** 25:2 53:21 76:9 77:15,21 78:8 **scroll** 20:18,24 34:3 79:2,5,16 significant 40:6 statement 45:16 35:4 37:19 39:23 **remember** 77:16.19 89:20 87:9.17 45:11 63:12 67:8 requirement 34:24 78:6,9 84:8,13 89:8 **signing** 26:10 27:10 **statements** 7:6 9:10 section 34:19 35:14 requirements 89:3 remind 30:8 37:5 10:3 13:20 14:11 36:2.13 37:7 38:2 **requires** 40:7 49:7 15:2,5,7,12,17,22 39:24 40:3,12 51:23 rep 19:25 **single** 10:16 16:15 26:6,23 27:23 52:8,19 54:12,18 reserve 77:7 repay 44:19 57:23 singular 37:13 30:4,19,23 31:4,9 57:2 58:24 respect 46:6 65:22 34:9,25 37:6 39:4 58:17,23 59:12,23 sir 30:19 37:24 43:11 **secure** 13:24 14:5,6 72:6 75:17 81:15 41:19 44:4 46:23,24 69:15 76:15 92:17 82:24 92:9 47:11,19 53:20 56:22 send 11:8,9 repeating 30:24 62:6 61:15 62:17 75:6 sister 67:18 68:7 response 12:8 79:4 senior 42:7.8 80:22 81:2 86:9,25 rephrase 16:11 **site** 13:24,25 14:5,7, responsibilities 88:25 **sense** 10:18 19:22 report 42:10 48:18 13 17:3 22:23 86:19 49:5,9 56:7 86:13 stating 38:23 slide 44:22 responsibility 15:9 sentence 21:10 **status** 83:11 reported 27:22 71:3 81:24 91:10 slightly 11:20 24:22 29:7.14.24 stems 60:8 reporter 8:5 37:12,22 38:5,6,23 responsible 19:21 **sort** 9:4 12:21 13:6 42:13 reports 14:22,24 **step** 12:13 26:4 58:21 77:5 separate 21:2 42:12 81:17 90:24,25 91:19 rest 30:15 46:4 **steps** 58:6 September 11:22

typically 13:10 20:5

U

unable 59:23

unaffiliated 90:8

uncorrected 25:15

understand 8:4.11.

12 10:13 19:7,12

20:22 25:20 32:24

understanding 24:9

25:10 34:22 36:12

65:24 66:10 70:20

understood 78:23

undertaken 62:9

undertaking 46:8

undue 50:8

20

unit 6:19 11:3

upload 14:2,6

users 88:11

upstream 89:19

undertook 9:25 58:7

unqualified 50:13,

38:4 45:23 64:11

41:20 77:3

80:11

77:24

50:2

Index: stop..years

stop 20:19 76:19,25 straight 35:4 **stream** 89:17 strike 36:8 strongly 18:18 structure 89:19 stuff 69:10 77:2 subheading 35:7 **subject** 51:8,9 84:22 subparts 21:4 subsequent 39:24 40:23 48:24 54:14.23 55:5 67:23 68:12 72:2 73:3 74:7 76:9 77:25 80:20 summary 25:15 43:25 supposed 10:10 11:13 38:7 40:5 sworn 5:4

Т

tab 43:9,13,20 44:9 45:7,14 57:3,11 62:14,23 64:6 68:16, 21 70:10,16 tabs 45:17 46:13,15, 18 taking 8:5 talked 89:7 90:24 talking 41:17 69:10 77:22 78:16 82:2 tax 64:7,8,9,10,14,20 66:6 taxes 66:12 team 13:11 56:8 technology 18:25 template 20:8 45:8 60:23

term 38:19 90:5

terms 8:19 9:16,18

17:11 25:19 36:11

04-sgj Doc 111-:
0881-X Docume
0881-X 57:4
084:19
0881-X 57:4
084:19
0881-X 58:20
0881-

time 6:7 7:6,20 8:7 11:7,17 12:15 13:24 14:23 30:8 37:3,5 39:17 55:13 56:25 70:7 76:19 77:5,9 79:9 93:17 time-to-time 23:11 title 5:16 32:13 42:6 today 77:6,8 79:15 80:16 told 66:4 77:5 top 19:12 21:7 25:9 31:12 45:11 **topics** 89:6 total 61:9 totaling 63:4 track 47:5 transaction 11:15 88:15 89:12 90:12 transactions 24:12 26:20 27:5,6,21 28:8, 25 34:19,23 35:2 51:19,24 89:7

trial 43:21,24 44:5

two-page 14:25

type 43:2 75:6

typical 14:17

61:14

vague 69:9
valuation 79:23
91:23
verbatim 89:14
versus 90:12
view 26:8 87:25
visits 14:13,16

W
WANDER 9:12 16:2,
7 24:14 30:12 32:24

36:5 45:25 60:5 68:18 88:12 93:21 Waterhouse 13:4,11 19:9,15,17,20 21:3, 11 23:5 24:10,18 25:22 27:20 28:23 70:21 72:6,8,14,19, 24 83:7,16 Wilson 83:4.15 withdrawn 27:8 32:7 35:12 37:3 39:4,14, 16 46:9 53:6 55:2 56:11 61:2,8 68:3 word 8:5 13:6 words 26:18 38:20 46:14 50:4,7 86:15 work 11:15 42:14 44:7 60:14 77:2 78:22 81:24 82:24 85:14 87:19 88:21 worked 82:14 84:4 working 6:24 workpaper 41:11 43:6 workpapers 10:15 41:2,6 42:25 55:8,21 56:14 58:25 59:19 68:17,22 written 69:2,20,24 70:6 wrong 25:23 53:17 Υ **year** 10:23 11:20,24 16:24 20:15 21:9.19 41:19 43:16 51:10 52:21 82:10 year-end 22:4 years 6:20 13:23 51:8 82:9 85:19

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documen**Exh**7ibi2**5**3 Filealge110**6**/12**5**2 Page 26 of 200 PageID 35487

EXHIBIT 13

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Page 1
1
        IN THE UNITED STATES BANKRUPTCY COURT
        FOR THE NORTHERN DISTRICT OF TEXAS
2
              DALLAS DIVISION
3
    In re:
4
                       : Chapter 11
                      : Case No.
     HIGHLAND CAPITAL MANAGEMENT, : 19-34054-sgj11
5
    L.P.
6
             Debtor.
7
    HIGHLAND CAPITAL MANAGEMENT, :
8
     L.P.
9
             Plaintiff,
10
                        : Adversary
           VS.
                      : Proceeding No.
     NEXPOINT ADVISORS, L.P.,
                               : 21-03005-sgj
11
    JAMES DONDERO, NANCY DONDERO,:
     AND THE DUGABOY INVESTMENT :
12
    TRUST,
13
             Defendants.
14
15
16
17
18
        REMOTE VIDEO DEPOSITION OF JAMES DONDERO
19
                 VOLUME III
           Thursday, November 4, 2021
20
21
22
23
24
   JOB NO. 202288
25
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documen**Extribi25**3 Fi**Ralge1309f**352 Page 28 of 200 PageID 35489

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Page 2
                                                                                                                                              Page 3
                                                                              APPEARANCES:
2
                                                                           3 Attorneys for Highland Capital Management L.P.:
3
                                                                                 (Via videoconference)
4
         November 4, 2021
                                                                                 PACHULSKI STANG ZIEHL & JONES
5
         1:17 p.m. CDT
                                                                            5
                                                                                    780 Third Avenue
                                                                                    New York, New York 10017
                                                                           6
6
                                                                                 BY: JOHN MORRIS, ESQ.
7
                                                                                    HAYLEY WINOGRAD, ESQ.
                                                                           8
8
         Remote video deposition of JAMES
9 DONDERO taken in the above-entitled matter
                                                                           10 Attorneys for NexPoint Advisors, L.P.:
                                                                                 (Via videoconference)
                                                                           11
10 before Suzanne J. Stotz, a Certified Shorthand
                                                                                 MUNSCH HARDT KOPF & HARR
11 Reporter, Certified Realtime Reporter,
                                                                           12
                                                                                    500 North Akard Street
12 Registered Professional Reporter, and Notary
                                                                                    Dallas, Texas 75201
13 Public of the State of Texas, on Thursday,
                                                                           13
                                                                                 BY: THOMAS BERGHMAN, ESQ.
14 November 4, 2021, commencing at 1:17 p.m. CDT.
                                                                           14
                                                                           15
15
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23
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24
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                                                                  Page 4
                                                                                                                                              Page 5
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         DEBORAH NEWMAN, ESQ.
                                                                           22
22
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23
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		Page 6		3	Page 7
1 2	INDEX	rage 0	1 2	INDEX (Continued)	rage 1
3	EXAMINATION Page No.		3	EXHIBITS (Continued)	
4	JAMES DONDERO		4 5	Exhibit	
5 6	BY MR. MORRIS 10			Name Description Page No.	
7			6		
8	EXHIBITS		7	Exhibit Highland Capital Management, 123 34 L.P., Consolidated Financial	
	Exhibit		·	Statements and Supplemental	
	Name Description Page No.		8	Information, dated December	
11	Exhibit James Dondero Compensation 56		9	31, 2018, Bates stamped D-CNL000212 through	
12	68 and Benefits Statement,			D-CNL000257	
	Bates stamped D-CNL003585		10	Exhibit Memorandum, dated 130	
13	Exhibit James Dondero Compensation 59		11	59 October 23, 2020, Bates	
14	50 and Benefits Statement,		12	stamped HCMFAS 000025	
	Bates stamped D-CNL003587		13	through HCMFAS 000031 Exhibit Defendant James Dondero's 163	
15	Exhibit E-mail correspondence, Bates 95			24 Objections and Responses to	
16	53 stamped D-CNL003768 through		14	Plaintiff's Requests for Admission, Interrogatories,	
4-	D-CNL003770		15	and Requests for Production	
17	Exhibit E-mail correspondence, Bates 107		16	Exhibit Defendant NexPoint Advisors, 173	
18	54 stamped D-CNL003777 through		17	27 L.P.'s Objections and Responses to Plaintiff's	
10	D-CNL003779			Requests for Admission,	
19	Exhibit E-mail correspondence, Bates 116		18	Interrogatories, and Requests for Production	
20	56 stamped D-CNL003763		19	Requests for Froduction	
21	Exhibit Promissory Note, Bates 119		20		
22	57 stamped D-CNL003764 through D-CNL003765		21 22	(Exhibits attached to transcript.)	
23			23	(Extribite dilation to transcript.)	
24 25			24 25		
25			25		
1	JAMES DONDERO	Page 8	1	JAMES DONDERO	Page 9
2	THE VIDEOGRAPHER: Good afternoon.		2	THE VIDEOGRAPHER: Thank you.	
3	My name is Jacob Arvold. I'm a certified		3	This is the start of Media Number 1,	
4	legal videographer in association with		4	Volume II [sic] of the video-recorded	
5	TSG Reporting, Inc.		5	deposition of James Dondero in the matter	
6	Due to the severity of COVID-19 and		6	of In Re: Highland Capital Management,	
7	-				
, ,	following the practice of social		7	L.P., in the United States Bankruptcy Court	
	distancing, I will not be in the same room		8	for the Northern District of Texas.	
٠. ـ	with the witness; instead, I will record		9	This deposition is being held	
10	this video deposition remotely.		10	remotely on November 4, 2021, at	
11	The reporter, Suzanne Stotz, also		11	approximately 1:17 p.m.	
12	will not be in the same room and will swear		12	Counsel, please introduce	
13	the witness remotely.			yourselves.	
14	Do all parties stipulate to the		14	MR. MORRIS: Everybody is – is on	
15	validity of video recording and remote		15	here. I don't we can't take the time to	
16	swearing and that it will be admissible in		16	do that. I'm familiar with everybody on	
17	the courtroom as if it had been taken		17	here. Everybody's appeared in this action	
18	following Rule 30 of the Federal Rules of		18	before, and I'd like to proceed.	
19	Civil Procedures and the state's rules		19	THE VIDEOGRAPHER: All right. The	
20	where this case is pending?		20	appearances will be on the stenograph <mark>ic</mark>	
21	MR. MORRIS: Yes.		21	record.	
22			22	Will the court reporter please	
	If anyhody objects to that inlease			TIM TIC COURT TOPOTTOL PICAGO	
	If anybody objects to that, please			reswear the witness	
23	speak up.		23	reswear the witness.	
	speak up. Nobody has spoken up. So everybody		23 24	reswear the witness. THE COURT REPORTER: Could you raise your hand.	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documen**Extribi25**3 Filealge1506/152 Page 30 of 200 PageID 35491

_	Page 10		- 1 age 50 01 200 1 age 15 5	Page 11
1	JAMES DONDERO	1	JAMES DONDERO	. ago
2	THE WITNESS: (Complies with	2	deposition on Friday?	
3	request.)	3	A. No.	
4	JAMES DONDERO,	4	Q. Nobody in the world?	
5	having first been duly swom, was examined and	5	A. Just my attorney.	
6	testified as follows:	6	Q. And did you speak with your attorney	
7	MS. DEITSCH-PEREZ: I only have one	7	about the substance of the deposition on	
8	questions. Who's Robert Loigman?	8	Friday? Just	
9	MR. LOIGMAN: I already stated for	9	MS. DEITSCH-PEREZ: I'm going to	
10	the record. I'm with Quinn Emanuel. I'm	10	direct I'm going to direct him not to	
11	Debbie Newman's partner.	11	answer.	
12	MS. DEITSCH-PEREZ: Okay. Thank	12	BY MR. MORRIS:	
13	you.	13	Q. Okay. I'm just asking you a	
14	MR. MORRIS: Can we please put up on	14	yes-or-no question. I'm not asking for the	
15	the screen the document that's been marked	15	substance of any communications.	
16	Exhibit 31.	16	MS. DEITSCH-PEREZ: Well, you're -	
17	MS. CANTY: (Complies with request.)	17	one, I'd have to talk to him to see what he	
18	EXAMINATION	18	thinks "substance" means.	
19	BY MR. MORRIS:	19	And to the extent that's	
20	Q. Mr. Dondero, do you understand that	20	substantive, you're actually getting at the	
21	this is a continuation of your deposition from	21	content potentially of a discussion. So	
22	Friday?	22	I'm going to direct him not to answer.	
23	A. Yes.	23	BY MR. MORRIS:	
24	Q. Have you spoken with anybody about	24	Q. Are you going to follow your	
25	your testimony since we concluded the	25	counsel's advice?	
	Page 12			Page 13
1	JAMES DONDERO	1	JAMES DONDERO	
2	A. Yes.	2	MR. MORRIS: Can we go to	
3	Q. How much time did you spend speaking	3	paragraph 82 of this document –	
4	with your attorney since the conclusion of the	4	Q. — Mr. Dondero, do you see that this	
5	last deposition?	5	is your answer to the Plaintiff's Amended	
6	A. 30 minutes, 40 minutes.	6	Complaint.	
7	Q. Are you aware that Alan Johnson	7	A. Yes.	
\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	testified in this case the other day?	8	Q. And we looked at this the other day;	
9	A. I don't know who Alan Johnson is.	9	do you remember that?	
10		10	A. Yes.	
11	Q. Okay. Is it fair to say that you	11	MR. MORRIS: Can we can go to page—	
12	,	12	paragraph 82, please.	
13	· ·	13	MS. CANTY: (Complies with request.)	
14	•	14	BY MR. MORRIS:	
15	·	15	Q. And I just want to table set to make	
16	,	16	sure we're on the same page.	
17	connection with this case?	17	Paragraph 82 describes the	
18	A. I'm aware there's an expert. I'm	18	agreements that you entered into with Dugaboy	
19	,	19	consuming the forgiveness of certain Promissory	
20	deposed, or whatever you did with him.	20	Notes subject to conditions subsequent.	
21	Q. Okay. When did you speak with your	21	Is that a fair overarching overview	
l		22	of the nature of the agreements?	
22	counsel for 30 minutes about – following last		_	
22 23	Friday's examination?	23	A. Yes.	
22	Friday's examination? A. About 40 minutes ago.		_	

1 JAMES DONDERO	Page 14	1	JAMES DONDERO	Page 15
2 "agreements," I'm going to mean the agreements		2	MS. DEITSCH-PEREZ: I'm sorry to say	
3 that are referred to in paragraph 82; is that		3	to you.	
4 fair?		4	MR. MORRIS: I object. That is – I	
5 A. Yes, generally. If I have any		5	have never in my life seen a witness –	
6 questions, I'll – I'll ask.		6	MS. DEITSCH-PEREZ: I have had	
7 Q. Thank you very much.		7	30(b)(6) witnesses with whole notebooks of	
8 The agreements covered each of the		8	information.	
la contra de la contra della contra de la contra de la contra de la contra della co		9		
*			MR. MORRIS: Okay. So let's just make sure the record is clear.	
10 Highland commenced against you, HCRE Services,		10		
11 and NexPoint; is that right?		11	BY MR. MORRIS:	
12 A. The – yes.		12	Q. Please describe for me what's on	
13 Q. What are you looking at?		13	that page.	
14 A. Just this note sheet that covers all		14	A. It's a listing of the Notes payable	
15 the notes.		15	to Highland, what their original term and	
16 Q. Oh.		16	amount was, what the term is, and what the loan	
17 MR. MORRIS: Deborah, I would demand		17	date was.	
that that sheet be produced immediately.		18	Q. Okay. I'm going to ask the	
19 MS. DEITSCH-PEREZ: Okay.		19	MS. DEITSCH-PEREZ: No. I'm going	
20 MR. MORRIS: Okay. And I would ask		20	to take a picture, and I'm going to send it	
21 him to put it away.		21	to you, okay?	
22 MS. DEITSCH-PEREZ: No. He's a		22	MR. MORRIS: Okay. And what we're	
23 30(b)(6) witness. He's entitled to have a		23	going to do right now is ask him to put it	
24 list of the notes. He sure he is.		24	away, and I'm going to ask him questions	
25 MR. MORRIS: I'm telling you now –		25	solely in his capacity as an individual,	
	Page 16			Page 17
1 JAMES DONDERO	3.	1	JAMES DONDERO	- 5
2 okay?		2	MR. MORRIS: We can do that – we	
		_		
3 Please put it away.			can do that when I ask him questions as a	
3 Please put it away.4 THE WITNESS: Isn't that what this		3	can do that when I ask him questions as a 30(b)(6) witness.	
, ,		3	•	
4 THE WITNESS: Isn't that what this		3 4 5	30(b)(6) witness. By the way, it's still	
4 THE WITNESS: Isn't that what this 5 deposition is, right? This deposition – 6 MS. DEITSCH-PEREZ: Well, this		3 4 5	30(b)(6) witness. By the way, it's still inappropriate, but —	
4 THE WITNESS: Isn't that what this 5 deposition is, right? This deposition – 6 MS. DEITSCH-PEREZ: Well, this 7 deposition is both.		3 4 5 6 7	30(b)(6) witness. By the way, it's still	
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4 THE WITNESS: Isn't that what this 5 deposition is, right? This deposition – 6 MS. DEITSCH-PEREZ: Well, this 7 deposition is both. 8 We're going to take a break for a 9 second. Let me think about that, but		3 4 5 6 7 8 9	30(b)(6) witness. By the way, it's still inappropriate, but MS. DEITSCH-PEREZ: No, it's not John. MR. MORRIS: Okay.	
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documen**Exh**7ibi2**5**3 Filealge170**6**/12**5**2 Page 32 of 200 PageID 35493

1	Page 18 JAMES DONDERO	1	JAMES DONDERO	Page 19
2	MR. MORRIS: No, no, not at all.	2	THE WITNESS: Correct.	
3	THE VIDEOGRAPHER: Okay.	3	MS. DEITSCH-PEREZ: Correct, he does	
4	MR. MORRIS: And just keep the	4	not.	
5	keep the record going.	5	MR. MORRIS: Okay. I'm going to	
6	THE VIDEOGRAPHER: Yep, will do.	6	proceed; and I would ask, Deborah, that	
7	MR. MORRIS: And we're not off the	7	somebody from your office send that to me	
8	record?	8	as soon as possible. I'm sure it's on an	
9	THE VIDEOGRAPHER: Correct.	9	e-mail somewhere and all they have to do is	
10	THE COURT REPORTER: Correct.	10	hit send.	
11	MS. DEITSCH-PEREZ: Okay. We're	11	BY MR. MORRIS:	
12		12	Q. Mr. Dondero, let's continue.	
13	THE VIDEOGRAPHER: We remained on	13	So you don't have that document in	
14	the record.	14	front of you right now?	
15	MS. DEITSCH-PEREZ: Okay. And this	15	A. Correct.	
16	part – this – at this point Mr. Morris	16	Q. Okay. How many agreements did you	
17	only taking Mr. Dondero's deposition in his	17	enter into with Dugaboy?	
18		18	MS. DEITSCH-PEREZ: You mean with	
	witness.	19	the Dugaboy trustee?	
20	If you want to resume taking his	20	We had an agreement that you were	
21	deposition as a 30(b)(6) witness, let me	21	going to refer to these as the agreements	
21 22	know; and I will tell him to get his list	22	with the Dugaboy trustee. So let's stay	
	•	23		
	of notes.		consistent.	
24	MR. MORRIS: So he doesn't have it	24	BY MR. MORRIS:	
25	in front of him right now?	25	Q. Mr. Dondero, how many agreements did	
1	Page 20 JAMES DONDERO	1	JAMES DONDERO	Page 21
2	you enter into with Dugaboy trustee concerning	2	the Dugaboy trustee?	
3	Promissory Notes?	3	A. I don't remember which ones	
4	A. Is your question – is your	4	specifically. I remember the amount was more	
5	questions how many Notes were entered into?	5	substantial than subsequent years.	
6	· ·	6	Q. Do you know how many Promissory	
	Q. No. How many separate agreements		· · · · · · · · · · · · · · · · · · ·	
	did you enter into?		Notes were the subject of your first major	
8	A. The 2017, '18, and '19 agreements.	8	agreement with the Dugaboy trustee?	
^	•		• •	
9	Q. Okay. I didn't ask you what	9	A. No.	
10	Q. Okay. I didn't ask you what agreements. I asked how many agreements you	9	A. No. Q. Can you identify the maker of any	
10 11	Q. Okay. I didn't ask you what agreements. I asked how many agreements you entered into with the Dugaboy trustee.	9	A. No. Q. Can you identify the maker of any Note that's subject to the first major	
10 11	Q. Okay. I didn't ask you what agreements. I asked how many agreements you	9	A. No. Q. Can you identify the maker of any	
10 11 12	Q. Okay. I didn't ask you what agreements. I asked how many agreements you entered into with the Dugaboy trustee.	9 10 11	A. No. Q. Can you identify the maker of any Note that's subject to the first major	
10 11 12 13	Q. Okay. I didn't ask you what agreements. I asked how many agreements you entered into with the Dugaboy trustee. MS. DEITSCH-PEREZ: Asked and	9 10 11 12	A. No. Q. Can you identify the maker of any Note that's subject to the first major agreement with the Dugaboy trustee?	
10 11 12 13 14	Q. Okay. I didn't ask you what agreements. I asked how many agreements you entered into with the Dugaboy trustee. MS. DEITSCH-PEREZ: Asked and answered.	9 10 11 12 13	 A. No. Q. Can you identify the maker of any Note that's subject to the first major agreement with the Dugaboy trustee? A. Not without my list or details. 	
10 11 12 13 14 15	Q. Okay. I didn't ask you what agreements. I asked how many agreements you entered into with the Dugaboy trustee. MS. DEITSCH-PEREZ: Asked and answered. THE WITNESS: Three major ones.	9 10 11 12 13 14	 A. No. Q. Can you identify the maker of any Note that's subject to the first major agreement with the Dugaboy trustee? A. Not without my list or details. Q. Can you identify the principal 	
10 11 12 13 14 15 16	Q. Okay. I didn't ask you what agreements. I asked how many agreements you entered into with the Dugaboy trustee. MS. DEITSCH-PEREZ: Asked and answered. THE WITNESS: Three major ones. BY MR. MORRIS: Q. Are there any minor ones?	9 10 11 12 13 14 15 16	A. No. Q. Can you identify the maker of any Note that's subject to the first major agreement with the Dugaboy trustee? A. Not without my list or details. Q. Can you identify the principal amount of any Promissory Note that was subject to the first agreement that you entered into	
10 11 12 13 14 15 16 17	Q. Okay. I didn't ask you what agreements. I asked how many agreements you entered into with the Dugaboy trustee. MS. DEITSCH-PEREZ: Asked and answered. THE WITNESS: Three major ones. BY MR. MORRIS: Q. Are there any minor ones? A. Not that I can recall right now.	9 10 11 12 13 14 15 16 17	A. No. Q. Can you identify the maker of any Note that's subject to the first major agreement with the Dugaboy trustee? A. Not without my list or details. Q. Can you identify the principal amount of any Promissory Note that was subject to the first agreement that you entered into with the Dugaboy trustee?	
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10 11 12 13 14 15 16 17 18	Q. Okay. I didn't ask you what agreements. I asked how many agreements you entered into with the Dugaboy trustee. MS. DEITSCH-PEREZ: Asked and answered. THE WITNESS: Three major ones. BY MR. MORRIS: Q. Are there any minor ones? A. Not that I can recall right now. Q. Okay. When did you enter into your first major agreement with the Dugaboy trustee?	9 10 11 12 13 14 15 16 17 18	A. No. Q. Can you identify the maker of any Note that's subject to the first major agreement with the Dugaboy trustee? A. Not without my list or details. Q. Can you identify the principal amount of any Promissory Note that was subject to the first agreement that you entered into with the Dugaboy trustee? A. I know they were – I know the gross amount. I know they were some of the term	
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9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	 Q. Okay. I didn't ask you what agreements. I asked how many agreements you entered into with the Dugaboy trustee. MS. DEITSCH-PEREZ: Asked and answered. THE WITNESS: Three major ones. BY MR. MORRIS: Q. Are there any minor ones? A. Not that I can recall right now. Q. Okay. When did you enter into your first major agreement with the Dugaboy trustee? A. At the end of '17. Q. Meaning December 2017 or early 2018? A. Yes. Q. What Promissory Notes are the 	9 10 11 12 13 14 15 16 17 18 19 20 21	A. No. Q. Can you identify the maker of any Note that's subject to the first major agreement with the Dugaboy trustee? A. Not without my list or details. Q. Can you identify the principal amount of any Promissory Note that was subject to the first agreement that you entered into with the Dugaboy trustee? A. I know they were – I know the gross amount. I know they were some of the term loans, but I don't know the specifics. Q. Can you tell me the aggregate amount – withdrawn.	

1 JAMES DONDERO	age 22 JAMES DONDERO	Page 23
2 Dugaboy trustee?	2 enter into the second agreement with the	
3 A. I – I believe it was 30 – 30 some	3 Dugaboy trustee?	
4 odd million, 30 – I can't remember the	4 Was that in December of 2018 or	
5 principal and interest, but it's only 30 – 34,	5 early 2019?	
6 35, 36. It was in that range.	6 A. Yes.	
7 Q. Did your first agreement with the –	7 Q. How many Notes are subject to your	
8 withdrawn.	8 second agreement with the Dugaboy trustee?	
9 Can you identify the date of any of	9 A. Less than the first, but I don't	
10 the Promissory Notes that are the subject of	10 know how many.	
11 your first agreement with the Dugaboy trustee?	11 Q. You don't know the number of Notes	
12 A. No.	12 that are the subject of your second agreement	
13 Q. Can you tell me the year that any of	13 with the Dugaboy trustee; is that right?	
14 the Promissory Notes that are the subject of	14 A. Correct.	
15 the – withdrawn.	15 Q. Can you identify the maker of any	
16 Can you tell me the year that any of	16 Notes that are the subject of your second	
17 the Promissory Notes were entered into that are	17 agreement with the Dugaboy trustee?	
18 the subject of your first agreement with the	18 A. No, I – I – no, I don't remember.	
19 Dugaboy trustee?	19 Q. Okay. So as you sit here right now,	
20 MS. DEITSCH-PEREZ: Asked and	20 you can't identify the maker of any of the	
21 answered.	21 Notes that are the subject of the second	
22 THE WITNESS: No, not off the top of	22 agreement with the Dugaboy trustee; is that	
23 my head.	23 right?	
24 BY MR. MORRIS:	24 A. Well, it would be one of the three	
25 Q. When did you – did – when did you	25 parties or four parties here, me or NexPoint or	
Q. When did you — did — when did you	23 parties of four parties field, the of Next-Officer	
	0.1	Page 25
	age 24 JAMES DONDERO	Fage 25
1 JAMES DONDERO	1 JAMES DONDERO	Fage 25
1 JAMES DONDERO 2 whatever; but I don't remember —	 JAMES DONDERO agreement with the Dugaboy trustee in December 	Fage 25
1 JAMES DONDERO 2 whatever; but I don't remember – 3 Q. Okay.	JAMES DONDEROagreement with the Dugaboy trustee in December2019 or early 2020?	Faye 25
1 JAMES DONDERO 2 whatever; but I don't remember – 3 Q. Okay. 4 A. – off the top of my head.	 JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. 	Fage 23
1 JAMES DONDERO 2 whatever; but I don't remember 3 Q. Okay. 4 A. – off the top of my head. 5 Q. Off the top of your head, can you	 JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I 	raye 25
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. – off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any	 JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? 	raye 25
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement	 JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. 	raye 25
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee?	 JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after 	raye 25
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no.	JAMES DONDERO agreement with the Dugaboy trustee in December 3 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020?	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe.	raye 25
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control	raye 23
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with	1 JAMES DONDERO 2 agreement with the Dugaboy trustee in December 3 2019 or early 2020? 4 A. Yes. 5 Q. That's after the petition date; do I 6 have that right? 7 A. I – yes. 8 Q. Did you do it before or after 9 January 9, 2020? 10 A. Before, I believe. 11 Q. So while you were still in control 12 of Highland but after the petition date, you	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee?	1 JAMES DONDERO 2 agreement with the Dugaboy trustee in December 3 2019 or early 2020? 4 A. Yes. 5 Q. That's after the petition date; do I 6 have that right? 7 A. I – yes. 8 Q. Did you do it before or after 9 January 9, 2020? 10 A. Before, I believe. 11 Q. So while you were still in control 12 of Highland but after the petition date, you 13 entered into your third agreement with the	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No.	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control definition of Highland but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes.	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control f Highland but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes. Do I have that right?	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control Highland but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes. Do I have that right? A. Yes.	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the 17 subject of your second agreement with the	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control drighland but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes. Do I have that right? A. Yes. Q. Did you ever inform the bankruptcy	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the 17 subject of your second agreement with the 18 Dugaboy trustee?	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control definition date, you make the distribution of the petition date, you make the distribution date, you make the dist	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the 17 subject of your second agreement with the	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control fill of Highland but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes. Do I have that right? A. Yes. Q. Did you ever inform the bankruptcy sourt of this agreement? A. No.	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the 17 subject of your second agreement with the 18 Dugaboy trustee?	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control definition date, you make the distribution of the petition date, you make the distribution date, you make the dist	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the 17 subject of your second agreement with the 18 Dugaboy trustee? 19 A. Yes. A fraction of the prior year.	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control flighland but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes. Do I have that right? A. Yes. Q. Did you ever inform the bankruptcy sourt of this agreement? A. No.	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the 17 subject of your second agreement with the 18 Dugaboy trustee? 19 A. Yes. A fraction of the prior year. 20 Less than ten million.	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control defined but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes. Do I have that right? A. Yes. Q. Did you ever inform the bankruptcy scourt of this agreement? A. No. Q. Did you ever inform the independent	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the 17 subject of your second agreement with the 18 Dugaboy trustee? 19 A. Yes. A fraction of the prior year. 20 Less than ten million. 21 Q. Can you be anymore precise than	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control flighland but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes. Do I have that right? A. Yes. Q. Did you ever inform the bankruptcy acourt of this agreement? A. No. Q. Did you ever inform the independent directors of this agreement that you entered	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the 17 subject of your second agreement with the 18 Dugaboy trustee? 19 A. Yes. A fraction of the prior year. 20 Less than ten million. 21 Q. Can you be anymore precise than 22 that?	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control flighland but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes. Do I have that right? A. Yes. Q. Did you ever inform the bankruptcy court of this agreement? A. No. Q. Did you ever inform the independent directors of this agreement that you entered into after the petition date?	raye 20
1 JAMES DONDERO 2 whatever; but I don't remember — 3 Q. Okay. 4 A. — off the top of my head. 5 Q. Off the top of your head, can you 6 tell me the original principal amount of any 7 Note that's subject to your second agreement 8 with the Dugaboy trustee? 9 A. No. I just — no. 10 Q. Can you identify the date on which 11 any of the Promissory Notes were executed that 12 were the subject of your second agreement with 13 the Dugaboy trustee? 14 A. No. 15 Q. Can you tell me the aggregate 16 principal amount of the Notes that are the 17 subject of your second agreement with the 18 Dugaboy trustee? 19 A. Yes. A fraction of the prior year. 20 Less than ten million. 21 Q. Can you be anymore precise than 22 that? 23 A. Approximately ten million, I think.	JAMES DONDERO agreement with the Dugaboy trustee in December 2019 or early 2020? A. Yes. Q. That's after the petition date; do I have that right? A. I – yes. Q. Did you do it before or after January 9, 2020? A. Before, I believe. Q. So while you were still in control flighland but after the petition date, you entered into your third agreement with the Dugaboy trustee concerning Promissory Notes. Do I have that right? A. Yes. Q. Did you ever inform the bankruptcy sourt of this agreement? A. No. Q. Did you ever inform the independent directors of this agreement that you entered into after the petition date? A. No.	raye 20

Page 26	Pag	ne 27
1 JAMES DONDERO	1 JAMES DONDERO	ye 21
2 Dugaboy trustee?	2 BY MR. MORRIS:	
3 A. No.	3 Q. Mr. Dondero, can you tell me the	
4 Q. Can you identify the maker on any	4 aggregate value of the Notes that are the	
5 Note that's the subject of your agreement that	5 subject of the third agreement that you entered	
6 you entered into after the petition date with	6 into with the Dugaboy trustee after the	
7 the Dugaboy trustee?	7 petition date?	
8 A. Not off the top of my head.	8 A. I believe it was about a million	
9 MS. DEITSCH-PEREZ: I mean, John, if	9 bucks.	
10 you would let him look at his list, he	10 Q. And who were the makers of the Notes	
11 could tell you.	11 that are the subject of the agreement with the	
12 But if you insist on making this a	12 Dugaboy trustee that you entered into after the	
13 memory test of 18 or so different things or	13 petition date?	
14 however many there are, 13, 14, then this	14 A. I don't know.	
15 is – it's your deposition. But if you	15 Q. Without the sheet that you looked at	
16 want more specific details, he could look	16 earlier, you have no ability to tell me which	
17 at the list.	17 notes were the subject of which agreement that	
18 MR. MORRIS: Okay. That's not even	18 you entered into with the Dugaboy trustee,	
19 an objection let alone a speaking	19 correct?	
20 objection.	20 MS. DEITSCH-PEREZ: Object to the	
21 It is my deposition –	21 form.	
22 MS. DEITSCH-PEREZ: No.	22 THE WITNESS: If I'm not certain off	
23 MR. MORRIS: It is my deposition,	23 the top of my head I can remember	
24 and I would appreciate your not making	24 accurately, I don't want to speculate.	
25 gratuitous comments.	25	
Page 28		ge 29
1 JAMES DONDERO	1 JAMES DONDERO	ge 29
1 JAMES DONDERO 2 BY MR. MORRIS:	1 JAMES DONDERO 2 agreements, correct?	ge 29
1 JAMES DONDERO 2 BY MR. MORRIS: 3 Q. All right. I don't want you to	JAMES DONDERO agreements, correct? A. Correct.	ge 29
JAMES DONDERO BY MR. MORRIS: Q. All right. I don't want you to speculate either. So I'm going to ask you just	JAMES DONDERO agreements, correct? A. Correct. Q. You never asked anybody to make a	ge 29
1 JAMES DONDERO 2 BY MR. MORRIS: 3 Q. All right. I don't want you to 4 speculate either. So I'm going to ask you just 5 broad follow-up questions.	JAMES DONDERO agreements, correct? A. Correct. Q. You never asked anybody to make a bits of the notes that were the subject of each	ge 29
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Page 30	Page 31
1 JAMES DONDERO	1 JAMES DONDERO
2 the Promissory Notes that are the subject of	2 agreements were specifically subject to.
3 the pending lawsuits?	3 Q. Are you the person who entered into
4 A. Not specifically, but I believe	4 the agreement with the Dugaboy trustee
5 there are.	5 concerning the notes that you are describing
6 Q. Okay. Can you identify the	6 right now?
7 principal amount of any Promissory Note that is	7 A. Yes, I guess.
8 the subject of an agreement with the Dugaboy	8 Q. As the person who entered into the
9 trustee that is not part of the pending	9 agreement with the Dugaboy trustee concerning
10 lawsuits?	10 Notes that are not the subject of the pending
11 A. Not specifically.	11 litigation, can you identify anything about
12 Q. Can you tell me the year in which	12 those Notes, whether it's the maker, the date,
13 any Promissory Note was ever executed that is	13 the principal amount, anything at all?
14 the subject of any agreement with the Dugaboy	14 A. Not off the top of my head.
15 trustee other than the Promissory Notes that	15 Q. Okay. What would what would you
16 are the subject of the pending lawsuits?	16 have to look at to know? The chart or
17 A. I believe there were several, and I	17 something else?
18 believe there were numerous ones over the	18 A. No, not this not this chart.
19 years.	19 This only has to do with what we thought this
20 Q. Okay. And and are those	20 deposition was going to be about.
21 Promissory Notes subject to one of the three	21 It would be the financials of
22 agreements that we've identified or subject to	22 Dugaboy; and then from there, the detail
23 some other agreement with the Dugaboy trustee?	23 regarding any Notes that it has.
24 A. Well, they weren't to these related	Q. Did you enter into an agreement with
25 entities. I – I don't know what the	25 the Dugaboy trustee to forgive a Promissory
Page 32	Page 33
Page 32 1 JAMES DONDERO	Page 33 1 JAMES DONDERO
1 JAMES DONDERO 2 Note where Dugaboy is the maker and Highland is	 JAMES DONDERO Q. Well, the Dugaboy Notes are
JAMES DONDERONote where Dugaboy is the maker and Highland isthe payee?	 JAMES DONDERO Q. Well, the Dugaboy Notes are reflected in Highland's financial statements.
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibitate Frage 1/109/262 Page 36 of 200 PageID 35497

1	Page 34 JAMES DONDERO	1	JAMES DONDERO	Page 35
2	one of the pending lawsuits.	2	THE WITNESS: The majority interest	
3	Do you understand that that's what	3		
Ι.			is controlled by the 75 percent. It's	
4	I'm trying to get at?	4	controlled by Dugaboy. But the majority	
5	MS. DEITSCH-PEREZ: Asked and	5	interest isn't an entity in and of itself,	
6	answered.	6	right?	
7	THE WITNESS: Yes.	7	BY MR. MORRIS:	
8	BY MR. MORRIS:	8	Q. Okay. Has Dugaboy held the majority	
9	Q. Okay. Can you identify any such	9	interest since the time that Highland was	
10	Promissory Note?	10	created?	
11	A. No, not specifically as I sit here	11	A. No.	
12	today.	12	Q. Okay. So – so then I'm going to	
13	Q. Okay. Other than the promissory –	13	ask my question again.	
14	withdrawn.	14	Are you aware of any agreement	
15	Are you familiar with the term	15	concerning any Promissory Note that is the	
16	"majority interest" as used in the Highland	16	subject – withdrawn.	
17		17	Are you aware of any agreement with	
18	A. Yes.	18	the majority interest that concerns any	
19	Q. Okay. Other than the Promissory	19	Promissory Note where Highland is the payee	
20	·	20	other than the Notes that are the subject of	
l	, , ,		-	
21	lawsuits, are you aware of any other Promissory	21	the pending lawsuit?	
22	Notes that are the subject of any agreement	22	MS. DEITSCH-PEREZ: Asked and	
23	• •	23	answered.	
24	MS. DEITSCH-PEREZ: Object to the	24	THE WITNESS: Not specifically as I	
25	form. Asked and answered.	25	sit here today, but I do believe there have	
1	Page 36 JAMES DONDERO	1	JAMES DONDERO	Page 37
2	been numerous notes other than to these	_	move on if I can, but I just want some clarity	
l		2		
3	entities today where Dugaboy was the maker	3	here.	
4	or recipient or whatever.	4	Is there any agreement between	
5	BY MR. MORRIS:	5	Dugaboy and the majority interest concerning	
6	Q. So you do believe that Dugaboy was	6	any Promissory Note where Dugaboy is the maker?	
7		7	MS. DEITSCH-PEREZ: Object to the	
8	to an agreement with the majority interest?	8	form.	
9	MS. DEITSCH-PEREZ: Object to the	9	THE WITNESS: I - I don't know what	
10	form.	10	you're getting at. I have a tried to	
11	THE MUTNECO MAIL CHILL ST. S. I.	11	answer it the best I can several different	
	THE WITNESS: What I'm saying is I			
12	believe Dugaboy had other – made other	12	ways.	
	, , ,		ways. But try it one more time, and I'll	
12	believe Dugaboy had other – made other	12		
12 13	believe Dugaboy had other – made other Notes and received other Notes from other	12 13	But try it one more time, and I'll	
12 13 14 15	believe Dugaboy had other – made other Notes and received other Notes from other entities other than Highland. BY MR. MORRIS:	12 13 14 15	But try it one more time, and I'll try and answer it just specifically yes or no.	
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documerixhiibit213 FPrage 1/2 of 20 Page 17 of 200 Page 10 35498

I JAMES DONDERO 2 instead of prepaying a Note, it could have left 3 if in an existing Nate outstanding and then 4 issued a separate Note, right, instead of 5 prepaying, right? 5 Sol don't know in the – in the pas 7 past or how exactly they handled prepays 8 consistently over time. But at the moment, I 9 don't believe there's a loan going from Dugaboy 10 to Highland. 19 don't believe here's a loan going from Dugaboy 10 to Highland. 19 don't believe here's a loan going from Dugaboy 10 to Highland. 19 don't believe here's a loan going from Dugaboy 10 to Highland. 19 don't believe ever the years, 12 there were numerous loans from Dugaboy to other 13 entities other than the ones we're talking 11 double over the years, 12 there were numerous loans from Dugaboy to other 13 entities other than the ones we're talking 13 THE WITNESS: Not as I sit here 14 today. 15 MS. DETISCH-PEREZ: Okay. John, 16 we've gone way far affeld of the topics for 16 this deposition or anything that you ought 17 this deposition or anything that you ought 18 about given what these litigations are. 19 double when wore on, please? 19 double when when these litigations are. 20 Could we move on, please? 21 MR. MORRIS: No. Other than — 22 MS. DETISCH-PEREZ: You're spending 22 MR. DETISCH-PEREZ: You're spending 23 time on things other fram the — 24 MR. MORRIS: Please stop talking. 25 MS. DETISCH-PEREZ: - action. 29 plaintiff was the entity that entered into 18 as excend? 29 plaintiff was the entity that entered into 19 the agreements, of you understand that 7 Dugaboy, as a majority – as a representative 6 M Ray and the superments, of you understand that 7 Dugaboy, as a majority – as a representative 7 10 A. Yes. 11 Q. You specifically called Nancy 11 Q. You specifically called Nancy 12 because you wanted, Nancy, in 17 fact, caused Dugaboy to a representative of a majority of the Class A shareholders of 19 plaintiff, agreements, or oned? 14 Highland, correct? 15 Q. And you knew that at the time you 19 plaintiff, or enter into each of the 19 plaintiff,	1490
3 it in an existing Note outstanding and then 4 issued a separate Note, right, instead of 5 prepaying, right? 5 are the subject of the lawsuits, are you aware 6 of any other Promissory Notes that are the 7 past or how exactly they handled prepays 8 consistently over time. But at the moment, I 9 don't believe there's a loan going from Dugaboy 10 to Highland. 11 But I do believe over the years, 11 but I do believe over the years, 12 there were numerous loans from Dugaboy to other 13 entities other than the ones we're talking 14 about today. 15 MS, DEITSCH-PEREZ: Okay, John, 16 we've gone way far affeld of the topics for 17 this deposition or anything that you ought 18 to be even asking this individual witness 19 about type what these ligations are. 20 Could we move on, please? 21 MR, MORRIS: No. Other than — 22 MS, DEITSCH-PEREZ: Voltre spending 23 time on things other than the — 24 MR, MORRIS: No. Other than — 25 MS, DEITSCH-PEREZ: You're spending 26 me on things other than the — 27 MS, DEITSCH-PEREZ: - addion. 19 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 3 LP, correct? 1 JAMES DONDERO 2 A I — no — or wait. Hold on a 3 second. 1 JAMES DONDERO 3 LP, correct? 1 JAMES DONDERO 4 Me was a representative 7 Q. And the was the entity that entered into 8 of a majority of the Class A shareholders of 9 the plaintiff was the entity that entered into 10 the agreement on behalf of Highland? 11 Q. You specifically called Nancy, in 12 agreements, correct? 13 are rite subje	Page 39
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this deposition or anything that you ought to be even asking this individual witness 18 "Nancy Dondero is representative for a majority of the Class A holders of plaintiff, agree that 20 Could we move on, please? 20 MR. MORRIS: No. Other than – 21 Do you see that? 22 A. Yes. 23 Q. The word "plaintiff" as used in your answer refers to Highland Capital Management, 25 MS. DEITSCH-PEREZ: - action. 25 L.P., correct? 29 JAMES DONDERO 1 JAMES DONDERO 2 A. I – no – or wait. Hold on a 2 you entered into each of the agreements, did you understand that 2 Diaintiff was the entity that entered into 3 the agreements, did you understend that 3 of the agreement on behalf of Highland? 10 A. Yes. 11 Q. And your sister Nancy is the trustee of Dugaboy to day, correct? 15 Q. And Nancy was the trustee of Dugaboy (a. Yes. 19 Q. And you knew that at the time you entered into each of the agreements, correct? 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you entered into each of the agreements with you wanted, Nancy, in 17 agreements, correct? 19 plaintiff, agree that "Nancy pondero is representative to file class A holders of plaintiff, agree that 20 plaintiff was the entity that entered into 3 the Class A holders of Plaintiff was the entity that entered into 4 A. Yes. 11 Q. You specifically called Nancy 5 because you wanted her to cause Dugaboy to the agreements, correct? 14 Highland, correct? 15 Q. And Nancy was the trustee of Dugaboy as a representative of a majority of the Class A shareholders of 18 A. Yes. 18 A. Yes. 19 Q. And you knew that at the time you 19 plaintiff, agree that 20 plaintiff, to enter into each of the 21 plaintiff, to enter into each of the 22 plaintiff, to enter into each of the 23 plaintiff, to enter into each	
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19 about given what these litigations are. 20 Could we move on, please? 21 MR. MORRIS: No. Other than – 22 MS. DEITSCH-PEREZ: You're spending 23 time on things other than the – 24 MR. MORRIS: Please stop talking. 25 MS. DEITSCH-PEREZ: – action. 26 MS. DEITSCH-PEREZ: – action. 27 A. Yes. 28 A. Yes. 29 A. Yes. 29 A. Yes. 20 The word "plaintiff" as used in your answer refers to Highland Capital Management, 25 L.P., correct? 29 L.P., correct? 20 DAMES DONDERO 20 A. I – no – or wait. Hold on a 2 you entered into each of the agreements with 3 second. 30 Second. 4 Yes. I guess, yes. 4 majority of Highland's Class A interest, 25 correct? 5 Q. Okay. At the time you entered into 4 majority of Highland's Class A interest, 26 A. Yes. 7 Dugaboy, as a majority – as a representative 4 majority of the Class A shareholders of 4 Nancy to discuss the topics that ultimately led 5 to the agreement on behalf of Highland? 10 A. Yes. 11 A. Yes. 11 Q. You specifically called Nancy 12 Decause you wanted her to cause Dugaboy to 4 Highland, correct? 13 enter into the agreements with you on behalf of 4 Highland, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 5 at the time you entered into 6 and point interest. 16 Q. And just as you wanted, Nancy, in 7 fact, caused Dugaboy, as a representative of a 8 majority of the Class A shareholders of 19 plaintiff, to enter into each of the 19 plaint	
20 Could we move on, please? 21 MR. MORRIS: No. Other than — 22 MS. DEITSCH-PEREZ: You're spending 23 time on things other than the — 24 MR. MORRIS: Please stop talking. 25 MS. DEITSCH-PEREZ: - action. 26 A Yes. 27 JAMES DONDERO 28 A I — no — or wait. Hold on a 3 second. 4 Yes. I guess, yes. 5 Q. Okay. At the time you entered into 6 the agreements, did you understand that 7 Dugaboy, as a majority — as a representative 8 of a majority of the Class A shareholders of 9 the plaintiff was the entity that entered into 10 the agreement on behalf of Highland? 11 Q. You specifically called Nancy 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered? 17 fact, caused University in the enter of the 18 A. Yes. 19 Q. And you knew that at the time you 19 plaintiff would forgive the Notes." 21 Do you see that? 22 A. Yes. 23 Q. The word "plaintiff" as used in your 24 answer refers to Highland Capital Management, 25 L.P., correct? 26 L.P., correct? 27 Usu entered into each of the agreements with 28 of a majority of Highland's Class A interest, 30 correct? 40 A. Yes. 41 Q. And that's exactly why you contacted 42 Nancy to discuss the topics that ultimately led 43 to the agreements, correct? 44 A. Yes. 45 Usu specifically called Nancy 46 Event of the Class A shareholders of the Highland, correct? 47 A. Yes. 48 A. Yes. 49 Diplaintiff was the Notes. 40 A. Yes. 41 Highland, correct? 41 A. Yes. 41 Highland, correct? 42 A. Yes. 43 Dayou see that? 42 A. Yes. 43 DayMES DONDERO 44 A. Yes. 45 Day See that Unimagement, 46 A. Yes. 47 Q. And you specifically called Nancy 48 Day See that? 49 Day See that? 40 Day See that? 40 Day See that? 41 Highland, correct? 41 A. Yes. 42 Day See that? 42 Day See that? 43 Day See that? 44 Day See that? 45 Day See that? 46 A. Yes. 47 Q. And you specifically value the to cause Dugaboy to entered into the agreements with you on behalf of the days of the Class A shareholders of the majority of the Class A sharehol	
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MR. MÖRRIS: Please stop talking. MS. DEITSCH-PEREZ: – action. Page 40 JAMES DONDERO A. I – no – or wait. Hold on a second. James Dondero New Jews. I guess, yes. Q. Okay. At the time you entered into the agreements, did you understand that Dugaboy, as a majority – as a representative for a majority of the Class A shareholders of the agreement on behalf of Highland? A. Yes. Q. And your sister Nancy is the trustee Journal of Dugaboy today, correct? A. Yes. A.	
25 L.P., correct? 1 JAMES DONDERO 2 A. I – no – or wait. Hold on a 3 second. 4 Yes. I guess, yes. 5 Q. Okay. At the time you entered into 6 the agreements, did you understand that 7 Dugaboy, as a majority – as a representative 8 of a majority of the Class A shareholders of 9 the plaintiff was the entity that entered into 10 A. Yes. 11 Q. You specifically called Nancy 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 1 JAMES DONDERO 2 you entered into each of the 1 JAMES DONDERO 2 you entered into each of the agreements with 1 JAMES DONDERO 2 you entered into each of the agreements with oeach of the agreements, correct? 1 deach of the agreements, class A interest, correct? 2 Q. And that's exactly why you contacted 8 Nancy to discuss the topics that ultimately led 9 to the agreements, correct? 10 A. Yes. 11 Q. You specifically called Nancy 12 because you wanted her to cause Dugaboy to 13 enter into the agreements with you on behalf of 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 fact, caused Dugaboy, as a representative of a 18 A. Yes. 19 Q. And you knew that at the time you 19 plaintiff, to enter into each of the	
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3 the Dugaboy trustee was that Dugaboy held the 4 Yes. I guess, yes. 5 Q. Okay. At the time you entered into 6 the agreements, did you understand that 7 Dugaboy, as a majority – as a representative 8 of a majority of the Class A shareholders of 9 the plaintiff was the entity that entered into 10 the agreement on behalf of Highland? 11 A. Yes. 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 19 Q. And you knew that at the time you 19 plaintiff, to enter into each of the 19 plaintiff, to enter into each of the 19 plaintiff, to enter into each of the	
4 Yes. I guess, yes. 5 Q. Okay. At the time you entered into 6 the agreements, did you understand that 7 Dugaboy, as a majority – as a representative 8 of a majority of the Class A shareholders of 9 the plaintiff was the entity that entered into 10 the agreement on behalf of Highland? 11 A. Yes. 11 Q. You specifically called Nancy 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 19 plaintiff, to enter into each of the 19 majority of Highland's Class A interest, 5 correct? 6 A. Yes. 7 Q. And that's exactly why you contacted 8 Nancy to discuss the topics that ultimately led 9 to the agreements, correct? 10 A. Yes. 11 Q. You specifically called Nancy 12 because you wanted her to cause Dugaboy to 13 enter into the agreements with you on behalf of 14 Highland, correct? 15 A. Yes. 16 Q. And just as you wanted, Nancy, in 17 fact, caused Dugaboy, as a representative of a 18 majority of the Class A shareholders of 19 plaintiff, to enter into each of the	
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6 the agreements, did you understand that 7 Dugaboy, as a majority – as a representative 8 of a majority of the Class A shareholders of 9 the plaintiff was the entity that entered into 10 the agreement on behalf of Highland? 11 A. Yes. 11 Q. You specifically called Nancy 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 19 plaintiff, to enter into each of the	
7 Dugaboy, as a majority — as a representative 8 of a majority of the Class A shareholders of 9 the plaintiff was the entity that entered into 9 to the agreements, correct? 10 the agreement on behalf of Highland? 11 A. Yes. 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 19 to the agreements, correct? 10 A. Yes. 11 Q. You specifically called Nancy 12 because you wanted her to cause Dugaboy to 13 enter into the agreements with you on behalf of 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 fact, caused Dugaboy, as a representative of a 18 majority of the Class A shareholders of 19 plaintiff, to enter into each of the	
8 of a majority of the Class A shareholders of 9 the plaintiff was the entity that entered into 10 the agreement on behalf of Highland? 11 A. Yes. 11 Q. You specifically called Nancy 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 19 to the agreements, correct? 10 A. Yes. 11 Q. You specifically called Nancy 12 because you wanted her to cause Dugaboy to 13 enter into the agreements with you on behalf of 14 Highland, correct? 15 A. Yes. 16 Q. And Just as you wanted, Nancy, in 17 fact, caused Dugaboy, as a representative of a 18 majority of the Class A shareholders of 19 plaintiff, to enter into each of the	
9 to the agreements, correct? 10 the agreement on behalf of Highland? 11 A. Yes. 11 Q. You specifically called Nancy 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Uso the agreements, correct? 10 A. Yes. 11 Q. You specifically called Nancy 12 because you wanted her to cause Dugaboy to 13 enter into the agreements with you on behalf of 14 Highland, correct? 15 A. Yes. 16 Q. And just as you wanted, Nancy, in 17 fact, caused Dugaboy, as a representative of a 18 majority of the Class A shareholders of 19 Q. And you knew that at the time you 19 plaintiff, to enter into each of the	
10 the agreement on behalf of Highland? 11 A. Yes. 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 10 A. Yes. 11 Q. You specifically called Nancy 12 because you wanted her to cause Dugaboy to decause you wanted her to cause Dugaboy and the first her time you wanted her to cause Dugaboy to decause you wanted her to cause Dugaboy and the decause you wanted her to cause Duga	
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11 Q. You specifically called Nancy 12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 11 Q. You specifically called Nancy 12 because you wanted her to cause Dugaboy to 13 enter into the agreements with you on behalf of 14 Highland, correct? 15 A. Yes. 16 Q. And just as you wanted, Nancy, in 17 fact, caused Dugaboy, as a representative of a 18 majority of the Class A shareholders of 19 plaintiff, to enter into each of the	
12 Q. And your sister Nancy is the trustee 13 of Dugaboy today, correct? 14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 10 because you wanted her to cause Dugaboy to enter into the agreements with you on behalf of the enter into the agreements with you on behalf of the enter into the agreements with you on behalf of the thing you on behalf of the enter into the agreements with you on behalf of the enter into the agreements with you on behalf of the thing you on behalf of the thing the trustee of Dugaboy 15 A. Yes. 16 Q. And just as you wanted, Nancy, in fact, caused Dugaboy, as a representative of a majority of the Class A shareholders of the plaintiff, to enter into each of the	
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14 A. Yes. 15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 19 Highland, correct? 10 Q. And just as you wanted, Nancy, in 10 Q. And just as you wanted, Nancy, in 11 fact, caused Dugaboy, as a representative of a 12 majority of the Class A shareholders of 13 plaintiff, to enter into each of the	
15 Q. And Nancy was the trustee of Dugaboy 16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And you knew that at the time you 15 A. Yes. 16 Q. And just as you wanted, Nancy, in 17 fact, caused Dugaboy, as a representative of a 18 majority of the Class A shareholders of 19 plaintiff, to enter into each of the	
16 at the time you entered into each of the 17 agreements, correct? 18 A. Yes. 19 Q. And just as you wanted, Nancy, in 16 plaintiff, to enter into each of the 18 plaintiff, to enter into each of the	
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18 A. Yes. 18 majority of the Class A shareholders of 19 Q. And you knew that at the time you 19 plaintiff, to enter into each of the	
19 Q. And you knew that at the time you 19 plaintiff, to enter into each of the	
20 entered each of the agreements, correct? 20 agreements, correct?	
20 agreements, conect? 21 A. Yes. 21 A. Yes.	
23 Dugaboy, correct? 23 Promissory Notes that are the subject of the	
24 A. Yes. 25 A. Utbink I've stated numerous times	
25 Q. Your understanding at that time that 25 A. I think I've stated numerous times	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 1/3 of 20 Page 10 35499

1	JAMES DONDERO	Page 42	1	JAMES DONDERO	Page 43
2	due to them as that they would ultimately be		2	debtor's property, correct?	
3	compensation; but to be a bona fide Note and to		3	MS. DEITSCH-PEREZ: Object. Object	
4	have bona fide deferral at the time that they		4	to the form.	
5	were issued, they were the debtor's property.		5	THE WITNESS: Exercise control? I	
6	And I guess they remained such until satisfied		6	understood the trustee had the ability to	
_	or until the condition as present – the		7	•	
7	•			grant the, whatever you want to call them,	
8	condition subsequent is either triggered or		8	conditions subsequent.	
9	impossible to be triggered.			BY MR. MORRIS:	
10	Q. Okay. Is it fair to say that the		10	Q. On that –	
11	Promissory Notes that are the subject of the		11	A. Yes.	
12	9		12	Q. And that was – by entering into the	
13	time you entered into the agreements?		13	agreement, would you agree with me, that the	
14	A. Yes.		14	Dugaboy trustee exercised control over the	
15	Q. At the time you entered into the		15	Promissory Notes?	
16	agreements, you understood that Dugaboy was		16	MS. DEITSCH-PEREZ: Object to the	
17	exercising control over the debtor's property,		17	form.	
18			18	THE WITNESS: They The trustee	
19	MS. DEITSCH-PEREZ: Object to the		19	exercised the rights given to it as a	
20	form.		20	majority of Class A holders.	
21	MR. MORRIS: Withdrawn.		21	BY MR. MORRIS:	
- · 22	BY MR. MORRIS:		22	Q. Okay. And is it your understanding	
23	Q. At the time you entered into the		23	that as part of the right, it altered the	
24	agreements, you understood that the Dugaboy		24	characteristics of the Promissory Notes?	
25	trustee was going to exercise control over the		25	MS. DEITSCH-PEREZ: Object to the	
20	addice was going to exclude control over the		20	Mo. BEHOOFFI EREZ. Objectionic	
1	JAMES DONDERO	Page 44	1	JAMES DONDERO	Page 45
2	_		2	form.	
	form.				
3	THE WITNESS: I just want to – I		3	THE WITNESS: Yeah. I – again, it	
4	believe my testimony, I granted the		4	sounds like you're trying to take me	
5	conditions subsequent is my interpretation.			towards legal terms of changing terms or	
6	BY MR. MORRIS:		5		
	0 5114 4 4 4 4 5 5 4		6	modification in a Note or whatever; and	
7	Q. Right. And so that's fine. But		6 7	modification in a Note or whatever; and I – I'm not – I don't have an opinion or	
8	that's - that's the thing that happened, but		6	modification in a Note or whatever; and I – I'm not – I don't have an opinion or the expert to comment on that.	
8 9	that's — that's the thing that happened, but I'm just asking you what the impact of that		6 7 8 9	modification in a Note or whatever; and I – I'm not – I don't have an opinion or the expert to comment on that. I can just say I knew she had the	
8 9 10	that's — that's the thing that happened, but I'm just asking you what the impact of that		6 7 8	modification in a Note or whatever; and I – I'm not – I don't have an opinion or the expert to comment on that. I can just say I knew she had the ability to create conditions subsequent.	
8 9 10	that's — that's the thing that happened, but I'm just asking you what the impact of that		6 7 8 9	modification in a Note or whatever; and I – I'm not – I don't have an opinion or the expert to comment on that. I can just say I knew she had the	
8 9 10 11	that's – that's the thing that happened, but I'm just asking you what the impact of that was.		6 7 8 9 10	modification in a Note or whatever; and I – I'm not – I don't have an opinion or the expert to comment on that. I can just say I knew she had the ability to create conditions subsequent.	
8 9 10 11 12	that's – that's the thing that happened, but I'm just asking you what the impact of that was. When the Dugaboy trustee entered		6 7 8 9 10 11	modification in a Note or whatever; and I – I'm not – I don't have an opinion or the expert to comment on that. I can just say I knew she had the ability to create conditions subsequent. BY MR. MORRIS:	
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume@xhirbit2E3 FRage 1/40/1262 Page 39 of 200 PageID 35500

1 2				
Ι.	Page 46 JAMES DONDERO	1	JAMES DONDERO	Page 47
	BY MR. MORRIS:		into account?	
3	Q. Okay. So can you agree with me that	3	A. I went through this already last	
4	that — that that was a change in the term of	4	time, but the Notes were intentionally loose	
5	the Note?	5	and, I think, anticipated the ability to adjust	
6	MS. DEITSCH-PEREZ: Object to the	6	the subsequent conditions or other things.	
7	form.	7	Q. Now, you told me that each of the	
8	THE WITNESS: Yeah. See, that's the	8	agreements was entered into between December of	
9	part I don't want to comment on. I just	9	one year or – actually, withdrawn.	
10	•	10	If we look at paragraph 82, it says	
11	BY MR. MORRIS:	11	that each of the agreements was made, quote,	
12	Q. Okay. Wasn't that the purpose of	12	"sometime between the December of the year in	
13		13	which each note was made and February of the	
14		14	following year."	
15	Wasn't that your intent?	15	Do I have that right?	
16	MS. DEITSCH-PEREZ: Object to the	16	A. Yes.	
17	form.	17	Q. Can you identify with any greater	
18	THE WITNESS: I'd say the intent was	18	specificity when you entered into the first	
19	to find and make compensation appropriate	19	agreement with the Dugaboy trustee referenced	
20	for industry standards and Highland in	20	in paragraph 82?	
21	particular.	21	A. No.	
22	BY MR. MORRIS:	22	Q. It's sometime within that 90-day	
23	Q. And did you believe that the Notes	23	period; does that sound right to you?	
24	as originally drafted and signed by you or the	24	A. I believe it was closer to the	
25	representatives of the makers didn't take that	25	holidays around the turn of the year, but I	
4	Page 48	1	IAMES DONDEDO	Page 49
1 2	JAMES DONDERO don't have specific recollection.	1	JAMES DONDERO mistake.	
2 3	Q. Is that answer the same for all	3	Is it your testimony that each –	
4	three agreements or only for the first	4	that you entered each of the agreements with	
5	agreement?	, T	and you of hord cach of the agreements with	
ı	agroomone:	5	the Dugahov trustee in December rather than	
l 6	A That would be the same for all	5	the Dugaboy trustee in December rather than January or February of the years indicated?	
6	A. That would be the same for all three.	5 6 7	January or February of the years indicated?	
7	three.	6 7	January or February of the years indicated? A. That's the best of my recollection,	
7 8	three. Q. So then why – why does paragraph 82	6 7 8	January or February of the years indicated? A. That's the best of my recollection, but there may have been one year that was	
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume@xhirbit2E3 FRage 1/5 9/262 Page 40 of 200 PageID 35501

1	Page 50 JAMES DONDERO	1	JAMES DONDERO	Page 51
2	should be obvious to anybody who's looked at	2	verbal, and it was but an understanding but	
3	the numbers even in hindsight.	1	a clear and obvious understanding.	
4	MR. MORRIS: Okay. I move to	4	Q. I want to know exactly what	
5	strike.	5	information you gave to your sister and to	
6	BY MR. MORRIS:	6	Dugaboy before entering into any of the three	
7	Q. And please listen carefully to my	7	agreements with the Dugaboy trustee?	
8	question.	8	A. Most of what I had made over the	
9	During the discussions that led to	9	years was rolled back into the business to	
10	each of the agreements, did you ever provide	10	propel growth and initiatives. And that my	
11	any information to your sister or Dugaboy	11	actual compensation was very modest based on	
12		12	industry standards and relevant	
13	MS. DEITSCH-PEREZ: Asked and	13	responsibilities at Highland.	
14	answered.	14	Q. Did you tell her anything else?	
		15	Withdrawn.	
15 16	THE WITNESS: Not specifically. BY MR. MORRIS:	16	Did you tell your – Nancy or	
17	Q. Did you provide any general	17	Dugaboy anything else beyond what you've now togified to?	
18	information to your sister or to Dugaboy prior	18	testified to?	
19	to the entry of any of the three agreements	19	A. You know, I think some of what I	
20	that you entered into with the Dugaboy trustee?	20	testified to earlier, that forgiveness of the	
21	A. I would repeat the answer that was	21	Notes would be a modest increase in that	
22	struck two questions ago.	22	compensation but still not be in the ZIP code	
23	Q. That's the information that you gave	23	of fair and appropriate compensation and that	
24		24	the value of the Notes in aggregate were de	
25	A. Yeah. It was – again, it was	25	minimus relative to Highland and de minimis	
	Page 52	1	JAMES DONDERO	Page 53
1	JAMES DONDERO relative to Dugaboy.	1	that ZIP code to paint the proper picture that	
3			the cash compensation for somebody in my role	
		3	was well below industry standards.	
4	A. Anything else would have fallen into the buckets I just described, but I can't	4	· · · · · · · · · · · · · · · · · · ·	
5	remember specifically as I sit here today.	5	Q. Do you recall anything else that you shared with your sister concerning your	
6		7		
7	Q. Did you ever tell your sister or		compensation that you haven't testified to?	
8	Dugaboy that your salary was less than a	8	A. Like I said, it would generally fall	
9	million dollars? A. I	9	into those buckets as I sit here today.	
10	Δ 1	10	 Q. Did your sister or Dugaboy ask you 	
			and a second sec	
11	MS. DEITSCH-PEREZ: I mean, just	11	any questions about your compensation before	
12	MS. DEITSCH-PEREZ: I mean, just from Highland?	11 12	entering into the three agreements that you	
12 13	MS. DEITSCH-PEREZ: I mean, just from Highland? THE WITNESS: Repeat the question	11 12 13	entering into the three agreements that you entered into with the Dugaboy trustee?	
12 13 14	MS. DEITSCH-PEREZ: I mean, just from Highland? THE WITNESS: Repeat the question again for me, please.	11 12 13 14	entering into the three agreements that you entered into with the Dugaboy trustee? A. And, again, it would fall into the	
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documerixhiibit213 FPrage 1/69/1262 Page 41 of 200 PageID 35502

1 JAMES DONDERO 2 compensation before entering into the 3 agreements? 4 A No, not that I can recall. 5 Q. Did your sister or Dupaboy ask you 6 for any documents before entering into -into 7 any of the agreements? 8 A I do not -I do not believe so. 9 Q. Do you recall that in the ordinary 10 course of business, highland prepared a 11 document called 3 Compensation and Benefits 12 Statement for each of its employees? 13 A Yes. 14 Q. And was that prepared by the Human 15 Resources Group? 16 A Yes. 17 Q. And was that prepared by the Human 18 Resources Group? 19 A No. 10 Q. Who was the head of the Human 20 Who was the head of the Human 21 Resources Group? 22 A Bran Collins. 23 Q. I applogize to Mr. Collins. Thank 24 you for the correction. 25 And Mr. Collins and his team were 26 MR. MORRIS: 27 And Mr. Collins and his team were 28 Q. Do you see the document that's been premarked as Exhibit 68 that's up on the sort of annual assist for hybards employees? 29 Q. I applogize to Mr. Collins. Thank 29 Q. And ouse this appear to be the form 19 remarked for identification, as of this of annual Compensation and Benefits Statement, 19 Q. Okay. Do you ever disclose to 18 ananual 3 Q. Okay. Do you ever disclose to 18 ananual 3 Q. Okay. Do you ever disclose to 18 ananual 3 Q. Okay. Do you ever disclose to 18 ananual 3 Q. Okay. Do you ever disclose to 18 ananual 3 Q. Okay. Do you ever disclose to 18 ananual 3 Q. Okay. Do you ever disclose to 18 ananual 3 Q. Okay. Do you see the document that's been prepared on an 19 annual 3 Q. Okay. Do you see the document that's been prepared on an 19 annual 3 Q. Okay. Do you see the form 3 Q. Okay. Do you see the form 4 Q. Okay. Do you see the form 5 or ompensation and 18 enefits Statement 4 that Mr. Collins and his team prepared on an 19 annual 3 Dandero covered active year covered? 21 A Yes, generally. 22 Q. Okay. Dol you ever disclose any 20 compensation and 3 Q. Okay. Do you see in the occurrent? 23 Q. Okay. Dol you see the form 3 Q. Okay. Do you see in the occurrent? 24 A Yes, generally. 25		
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4 No, not that toan recall Q. Did your sister or Dugaboy ask you 5 of to rany documents before entering into —into 6 for any documents before entering into —into 7 any of the agreements? 9 Q. Do you recall that in the ordinary 9 Q. Okay. 10 document called a Compensation and Benefits 11 document called a Compensation and Benefits 12 Statement for each of its employees? 13 A Yes. 14 Q. And was that prepared by the Human 15 Resources Group? 16 A Yes. 17 Q. And was Mark Collins the head of the 17 Labasis, right? 18 A Yes. 19 A No. 19 Q. Who was the head of the Human 19 Q. Who was the head of the Human 19 Q. Who was the head of the Human 20 Who was the head of the Human 21 Statement for compensation and Benefits 22 MS CANTY: (Complies with request) 23 Q. Usay. 24 you for the correction. 25 MR MCRRIS: Can we please put up 26 Examined as Exhibit 68, James 27 Donder Compensation and Benefits 4 Statement, Bates stamped D-CNL003565, 28 MR MCRRIS: 7 Q. Okay. 19 JAMES DONDERO 1 JAMES DONDERO 2 Seen may award letters before. 10 A Yep. 11 A Yup. 12 Q. And use this appear to be the form 13 or Dugaboy, correct? 14 A Yup. 15 Plage 56 16 A Yup. 16 A Yup. 17 Dugaboy useer discotes to Nancy or to 18 Nancy or Dugaboy, correct? 19 Q. Okay. 10 Q. Okay. Did you ever disclose to Nancy or to 10 A Yup. 11 What I've eleven year. They do it 12 Dependency year. They do it 13 Q. Okay. So you never showed this letter to 14 a fair to say you never showed this letter to 15 you sele document that's been 16 Q. Doy ou see the document that's been 17 Q. Okay. Doy ou see the document that's been 18 On All yes. 19 Q. Okay. On you seer disclose to Nancy or to 19 premarked as Exhibit 68 that's up on the 19 q. Okay. Doy ou seer disclose to Nancy or to 19 qualled the first to propose or the Statement 10 A Yup. 11 What I've eleven year as a matter of compensation and the statement 11 what I've eleven year as a matter of course. 11 A Yup. 12 Q. Okay. Okay. Oxay. Oxay. Oxay. Oxay. Oxay. Oxay.	2 compensation before entering into the	2 responsible for preparing the annual
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7 any of the agreements? 8 A. I do not – I do not believe so. 9 Q. Do you recall that in the ordinary 10 course of business, Highland prepared a 11 course of business, Highland prepared a 12 Statement for each of its employees? 13 A. Yes. 14 Q. And was that prepared by the Human 15 Resources Group? 16 A. Yes. 17 Q. And was that prepared by the Human 18 Human Resources Group? 19 A. No. 19 Q. Okay. So in the ordinary course of the Human Resources Group? 19 A. No. 20 Q. Who was the head of the Human 21 Human Resources Group? 22 Q. Who was the head of the Human 23 MR. MORRIS: Can we please put up 24 you for the correction. 24 you for the correction. 25 And Mr. Collins and his team were 26 Whereupon, Exhibit 68, James 27 JAMES DONDERO 28 Statement, Bates stamped D-Ch.L003585, marked for identification, as of this date) 29 premarked as Exhibit 68 that's up on the sore, and a sure of an annual seas for Highlands, and selected on an annual selected on the statement of the selected on an annual selected on the statement of the selected on the selected on an annual selected on this document? 29 JAMES DONDERO 20 (Whereupon, Exhibit 68 that's up on the sore, and the selected on this document? 20 (And does this appear to be the form to sore, and the selected on this document? 20 (And does this appear to be the form to sore, and the compensation and Benefits Statement that the selected on this document? 21 Q. And does this appear to be the form to sore, and the selected on this document? 21 Q. Okay. And the Compensation and Benefits on the sore, and the amounts of compensation and the selected on this document? 21 Q. Okay. And the Compensation and the selected on this document? 22 Q. Okay. And the Compensation and Benefits Statement that the selected on this document? 23 of annual Compensation and Benefits Statement that the selected on this document? 24 A Yes. 25 Q. Okay. And the Compensation and the employees? 26 A. This books like the format, yes. 27 Q. Okay. And the Compensation and the employees? 28 Q. Okay. Okay. Okay.		
8 A Ido not – Ido not believe so. 9 C. Do you recall that in the ordinary 10 course of business. Highland prepared a 11 document called a Compensation and Benefits 11 document called a Compensation and Benefits 11 document called a Compensation and Benefits 12 Statement for each of its employees? 13 A Yes. 13 Q. Okay. So in the ordinary course of 14 Ves. 15 Co. Neay. So in the ordinary course of 16 A Yes. 16 A Yes. 17 Q. And was that prepared by the Human 18 Resources Group? 19 A No. 19 Q. Okay. So in the ordinary course of 19 Liminar Resources Group? 19 A No. 20 Q. Who was the head of the Human 21 Evance of Stroup? 22 A Brian Collins. 23 Q. Who was the head of the Human 24 Evance of Stroup? 25 A Brian Collins. 26 A Wish Collins and his team were 27 Diameter of Compensation and Benefits 28 A Wish Collins and his team were 28 A Statement Bates stamped D-CNL000585, 29 The Wish Rorrists 20 Q. Do you see the document that's been premarked as Exhibit 68 that's up on the 20 Strough Statement as Exhibit 68 that's up on the 21 Co. Nay. Only ou seer disclose to 22 A Ido Compensation and Benefits 23 A Yes. 24 Co. Nay. Did you ever disclose any 25 Compensation and Benefits Statement 26 A This looks like the format, yes. 27 Q. Okay. And the Compensation and 28 Benefits Statement that the team prepared on an 1 that the team propaged on an 1 that the compensation and Benefits Statement 25 Co. Okay. And the Compensation and Benefits Statement 26 Co. Okay. And the Compensation and Benefits Statement 27 Q. Okay. And the Compensation and Benefits Statement 28 Co. Okay. Ok you see in the compensation and 1 that the team propaged on an		The state of the s
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume@xhirbit2E3 FRage 1/09/262 Page 42 of 200 PageID 35503

1 JAMES DONDERO	1 JAMES DONDERO
2 to own million shares of that series hold at 20	2 or seven years. I don't remember whether the
3 that now trade at 70.	3 2016 award was five years, six years, or seven
4 Q. And is NexPoint REIT affiliated with	4 years.
5 NexPoint Advisors, L.P.?	5 Q. Okay. We talked earlier about an
6 A. Yes.	6 expert that's been retained on your behalf.
7 Q. And do you have an understanding of	7 Do you remember that?
8 the nature of the relationship?	8 A. Yes.
9 A. Yes.	9 Q. Do you recall if you or anybody
10 Q. And what's what's your	10 acting on your behalf ever disclosed to that
11 understanding of the nature of the relationship	11 expert the restricted stock units reflected on
12 between NexPoint REIT and NexPoint Advisors,	12 this document?
13 L.P.?	13 MS. DEITSCH-PEREZ: Object to the
14 A. It's the external manager of the	14 form.
15 REIT.	15 THE WITNESS: I don't know.
16 Q. Okay. Did you ever tell Nancy or	16 MR. MORRIS: Let's put up
17 Dugaboy that you had received these restricted	17 Exhibit 50, please.
18 stock units in 2016?	18 MS. CANTY: (Complies with request.)
19 A. No. But again, the vested amount	19 (Whereupon, Exhibit 50, James
20 would have probably been about \$250,000 worth	20 Dondero Compensation and Benefits
21 at that moment.	21 Statement, Bates stamped D-CNL003587,
22 Q. And did it vest over a couple of	22 marked for identification, as of this
23 years?	23 date.)
24 A. The first couple of years is vested	24 BY MR. MORRIS:
25 over five years. I think now it vests over six	25 Q. Do you see this is your benefits
Page 60	Page 6
1 JAMES DONDERO	1 JAMES DONDERO
1 JAMES DONDERO	1 JAMES DONDERO
1 JAMES DONDERO 2 statement for 2017?	JAMES DONDEROcame from one or multiple entities, he
1 JAMES DONDERO 2 statement for 2017? 3 A. Yes.	 JAMES DONDERO came from one or multiple entities, he wouldn't have differentiated in that line.
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 1/8 of 200 Page ID 35504

Page 62	Page
1 JAMES DONDERO	1 JAMES DONDERO
on the amount of time you spent working for	2 A. Yes.
3 each of those entities?	3 Q. Can you identify any other companies
4 A. I have no idea.	4 to which you devoted your time and attention?
5 Q. If your salary was \$500,000 from	5 A. Not off the top of my head. I'm
6 Highland in 2017 and \$2 million to NexPoint,	6 willing to be refreshed. But over the years
7 can you – can you think of any reason why it	7 there's been multiple initiatives at Highland
8 would be allocated in that way?	8 that have come and gone and private equity
9 MS. DEITSCH-PEREZ: Object to the	9 companies that have come and gone and other
10 form.	10 initiatives that have come and gone.
11 THE WITNESS: Cash, cash	11 Q. Do you see the reference to the
12 availability. I – I don't know.	12 65,772 restricted stock units of the NexPoint
13 BY MR. MORRIS:	13 REIT there on this document?
14 Q. Okay. Did you devote your full time	14 A. Yes.
15 and attention to Highland Capital Management,	15 Q. And was that, to the best of your
16 L.P.?	16 recollection, the award that you were granted
17 A. I spread my time as appropriate	17 in connection with your 2017 performance?
18 across a variety of entities.	18 A. It would have been for – it would
19 Q. Can you identify for me the entities	19 have been the prior awards at – it would have
20 that you spread your time across?	20 been for the prior years' awards at NFLP. And
21 A. Highland, NexPoint, HCMFA, HCRE.	21 it would have been – it would have been the
22 Q. How about Highland Management	22 same five- or seven-year vesting schedule.
23 Services, Inc.?	23 MR. MORRIS: Now I'm looking at my
24 A. Yes.	phone, and I don't see, Deborah, any e-mail
25 Q. Are there any others?	25 from your firm.
1	
Page 64	Page (
Page 64 1 JAMES DONDERO	1 JAMES DONDERO
1 JAMES DONDERO	 JAMES DONDERO units. Did you ever tell them – let's keep
 JAMES DONDERO MS. DEITSCH-PEREZ: Yeah. On a 	1 JAMES DONDERO 2 units.
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documerixhiibit213 FPrage 1/99/262 Page 44 of 200 PageID 35505

1	JAMES DONDERO	1	JAMES DONDERO	Page 6
2	THE WITNESS: I not - I wasn't	2	the day because I don't know when the	
3	involved.	3	people who do the Bates stamping leave.	
4	MR. MORRIS: All right. You know,	4	But if it's not today, it will be tomorrow.	
5	what, Deborah, let's take a break; and why	5	MR. MORRIS: All right. It's 2:44	
6	don't you send me that document.	6	in the afternoon your time. I hope that	
7	It is now 3:28. Let's come back at	7	your firm has the capability of Bates	
8	3:40 Eastern, and let's please be on time	8	stamping and producing one page before the	
9	because I'd like to try to finish this	9	close of business.	
10	today. Thank you.	10		
11	THE VIDEOGRAPHER: Off the record at	11	•	
	2:28.	12		
13	(Whereupon, a break was taken.)	13	· ·	
14	THE VIDEOGRAPHER: We are back on	14		
15	the record. The time is 2:43.	15		
16	MR. MORRIS: Treceived from counsel		•	
		16	, ,	
17 10	a photograph in text message form of the	17		
18	document that Mr. Dondero was referring to	18		
19	at the beginning of the deposition.	19	•	
20	I'm going to ask for that production	20		
21	- for the production of that document with	21	Q. Mr. Dondero –	
22	a Bates number by the end of the day, and I	22	•	
23	hope that could be accommodated.	23	•	
24	MS. DEITSCH-PEREZ: I'm not sure	24		
25	John, I'm not sure it will be by the end of	25	MS. DEITSCH-PEREZ: — if I sent it	
1	Page 6 JAMES DONDERO	8 1	JAMES DONDERO	Page 6
2	to you by e-mail instead.	2	A. Okay.	
3	MR. MORRIS: I'd like to proceed.		A. Okay.	
4		2	O Okay	
	•	3	Q. Okay.	
	You can e-mail it to me. I mean, I	4	A. It's either – it's either/or; it's	
5	You can e-mail it to me. I mean, I asked you to do that an hour ago.	4 5	A. It's either – it's either/or, it's not one?	
5 6	You can e-mail it to me. I mean, I asked you to do that an hour ago. MS. DEITSCH-PEREZ: Well, the	4 5 6	A. It's either – it's either/or; it's not one? Q. No.	
5 6 7	You can e-mail it to me. I mean, I asked you to do that an hour ago. MS. DEITSCH-PEREZ: Well, the easiest way to do it is to send a picture	4 5 6 7	A. It's either – it's either/or, it'snot one?Q. No.A. Okay.	
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documerixhiibit213 FPrage 2/03/1262 Page 45 of 200 PageID 35506

Page 71
Page 73

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 2/109/262 Page 46 of 200 PageID 35507

Page 74	Page 75
1 JAMES DONDERO	1 JAMES DONDERO
2 companies exceeded its cost?	2 agreements, you believed that the value of
3 A. No, but I – yes. No, I did not.	3 Highland's interests in each of the portfolio
4 Q. Did you have any understanding at	4 companies exceeded its costs in varying
5 all as to how the value of Highland's interests	5 degrees?
6 in MGM compared to its costs at the time you	6 A. Varying degrees. As a matter of
7 entered into each of these three agreements?	7 fact, I would adjust. Cornerstone and
8 A. No. I mean, my understanding was I	8 Trustway, I believe, were moderately higher
9 knew they were substantially higher, but I	9 than their embedded costs or implied costs.
10 didn't know how much higher.	10 That was my understanding.
11 Q. Okay. So is it fair to say that the	11 MGM was somewhat substantially. But
12 time – at the time you entered into each of	12 all of them with a fair amount of volatility
13 these agreements, you knew and understood that	13 and a fair amount of illiquidity.
14 the value of Highland's interests in MGM was	14 Q. Did you ever give your sister or
15 substantially higher than its costs?	15 Dugaboy any information concerning how the
16 A. For MGM, yes.	16 value of Highland's interests in any of the
17 Q. Okay. Did you have an understanding	17 portfolio companies compared to Highland's
18 of the relationship between value and costs	18 costs before entering into the agreements?
19 concerning Comerstone at the time you entered	19 A. Not that I recall.
20 into these agreements?	20 Q. Do you have any reason to believe
21 A. My understanding it was moderately	21 that your sister or Dugaboy had any
22 higher, and Trustway was between substantially	22 understanding as to the likelihood that the
23 and moderately and higher, I believe.	23 conditions subsequent would be satisfied at the
24 Q. Okay. So is it fair to say that at	24 time the Dugaboy trustee entered into the three
25 the time you entered into each of these	25 agreements with you?
20	25 agreements with you!
•	
Page 76 1 JAMES DONDERO	Page 77 1 JAMES DONDERO
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1 JAMES DONDERO 2 MS. DEITSCH-PEREZ: Object to the 3 form. 4 THE WITNESS: I – I remember saying 5 it would take a few years at minimum; but 6 other than expressing time, I don't believe 7 I expressed value versus cost or the 8 questions you were asking me previously. 9 BY MR. MORRIS: 10 Q. Okay. You never showed Nancy or 11 Dugaboy any of the Promissory Notes prior to 12 entering into any of the agreements, correct? 13 A. Not that I recall. 14 Q. And you never sent copies of the 15 Promissory Notes to Nancy or Dugaboy before 16 entering into any of these agreements, correct? 17 A. Not that I recall. 18 MS. DEITSCH-PEREZ: Object to the 19 form. 20 John, you've asked these at the last 21 deposition and actually also at the first 22 day of the deposition.	1 JAMES DONDERO 2 You can object to the form of the 3 question. I really don't appreciate it. 4 You should follow the very professional job 5 that your colleague, Michael Aigen, did the 6 other day. 7 BY MR. MORRIS: 8 Q. Neither Nancy or Dugaboy has ever 9 asked to see copies of any of the Promissory 10 Notes before entering into any of the 11 agreements, correct? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 THE WITNESS: I don't know. 15 BY MR. MORRIS: 16 Q. Do you have any reason to believe 17 that Nancy or Dugaboy ever saw a copy of any of 18 the Promissory Notes at issue before entering 19 into the agreements? 20 A. I don't know. 21 Q. During your discussions with Nancy 22 and Dugaboy, did you identify the Promissory

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume@xhirbit2E3 FRage 2/2 9/262 Page 47 of 200 PageID 35508

3	Page 78 JAMES DONDERO			Daga 70
2 3 4	o	1	JAMES DONDERO	Page 79
3	form.	2	MR. MORRIS: You let me know when	
4	You know, we made an agreement that	3	you're done.	
	you were going to refer to Nancy as the	4	MS. DEITSCH-PEREZ: I'm done.	
•	Dugaboy trustee. Please stick to it.		BY MR. MORRIS:	
6	Otherwise, I'm going to have to object each	6	Q. Mr. Dondero, during your discussions	
	time, and I'd rather not.		with the Dugaboy trustee, did you identify the	
8	MR. MORRIS: I have no problem with		Promissory Notes that were going to be the	
	your objecting to the form of the question.		subject of each agreement?	
	It's the speaking that I really do object	10	MS. DEITSCH-PEREZ: Object to the	
		11	form.	
	to. And I don't know why you can't control			
	yourself.	12	THE WITNESS: No, not that I recall.	
13	MS. DEITSCH-PEREZ: Because I	13	BY MR. MORRIS:	
	hope that –	14	Q. Do you recall – during your	
15	MR. MORRIS: Please stop. Please	15	discussions with the Dugaboy trustee, did you	
	stop.	16	identify the maker of any of the Notes that	
17	MS. DEITSCH-PEREZ: – by telling	17	were the subject of any of the agreements?	
	you this, you will listen.	18	A. You mean Highland as the maker; is	
19	MR. MORRIS: Okay. Your discussion	19	that what you're saying?	
	and your inability to control yourself is	20	Q. No. I'm just asking if during your	
	going to cause this deposition to go longer	21	discussions with the Dugaboy trustee, you ever	
	than it needs to, okay?	22	disclosed the name of the maker of any of the	
23	MS. DEITSCH-PEREZ: No. It's your	23	Notes that were subject to the agreements?	
	repeating questions that's going to do	24	A. She – she knew they were Notes due	
25	that.	25	to Highland from various entities. So I don't	
	Page 80	_	IAMES DONIDEDO	Page 81
1	JAMES DONDERO	1	JAMES DONDERO was the borrower or was the maker that are	
	know what your question is. Did I identify			
	specifically that they were Notes due to		subject to agreements that you entered into	
	Highland? I guess the answer to that is yes,		with the Dugaboy trustee?	
	but I don't know what you're asking me.	5	A. No. Wait. The Dugaboy – the	
6	Q. I'm sorry, sir. I'll take the		Dugaboy Notes weren't subject to the	
	responsibility for that.		forgiveness. It was the other notes that were	
8	I'm asking you if you identified who	١.	subject to forgiveness.	
	the maker of the Notes were, not who the payee	9	Q. So it's really kind of a simple	
	Was.	10	question, and I'm not trying to trick you.	
11	MS. DEITSCH-PEREZ: You mean the	11	If you think back to the	
12	borrowers, John?	12	conversations that you had with the Dugaboy	
13	THE WITNESS: See, I don't want to	13	trustee, did you identify the entity of – did	
14	get stuck in my underwear on maker/borrower	14	you identify who the borrowers were under the	
15	nomenclature.	15	Notes that were going to be subject to the	
16	She was aware that they were notes	16	agreements?	
17	due to Highland from a variety of entities.	17	A. She knew they were entities – she	
18	BY MR. MORRIS:	18	knew there were other related entities. She	
	Q. Okay. Did you identify any of those	19	knew NexPoint for sure. She knew Services.	
19	entities?	20	I can't sit here as I remember as	
19 20		0.4	I sit here today and remember whether or not I	
19 20	A. I – yeah. She knew that some were	21		
19 20 21	A. I – yeah. She knew that some were Dugaboy, some were NexPoint for sure, and some	21	specifically identified HCRE or not, you know;	
19 20 21 22	Dugaboy, some were NexPoint for sure, and some were other entities.		specifically identified HCRE or not, you know; but she knew they were related entities.	
19 20 21 22	Dugaboy, some were NexPoint for sure, and some	22	specifically identified HCRE or not, you know;	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documerixhiibit213 FPrage 2/3 of 262 Page 48 of 200 PageID 35509

	Page 82			Page 83
1	JAMES DONDERO	1	JAMES DONDERO	
2	that right?	2	A. I don't know if it's captured in	
3	We could put it back up on the	3	there, but there was definitely a conversation,	
4	screen if you'd like.	4	discussion that if something like MGM was	
5	MR. MORRIS: In fact, why don't we	5	sold – Anchorage is the largest holder almost	
6	do that.	6	a majority in and of themselves. And if it was	
7	MS. CANTY: I'm sorry, John. 51	7	bought or taken out at a price that we couldn't	
8	I mean, 50?	8	control or couldn't agree with and it was lower	
9	MR. MORRIS: I think it's	9	than cost or you know, Comerstone, again,	
10	Exhibit 31, paragraph 82.	10	had multiple funds between our ownership and	
11	MS. CANTY: Oh, okay, 82. I've got	11	control that if — if things were sold	
12	you.	12	beyond without my support but sold below	
13	MR. MORRIS: Thank you.	13	cost – and I'm not sure that's captured in	
14	BY MR. MORRIS:	14	that paragraph, but I think that was part of	
15	Q. Does – Mr. Dondero, other than	15	the understanding, also.	
16	specifying who the portfolio companies were,	16	Q. Is there any other part of the	
17	does paragraph 82 set forth all of the material	17	understanding that's not set forth in	
18	terms of each of the agreements?	18	paragraph 82, Mr. Dondero?	
19	A. I think it sets forth the conditions	19	A. Not that I can think of at this	
20	subsequent.	20	let me read it one more time, please.	
21	Q. Is there any aspect of your	21	Q. Take your time.	
22	agreement withdrawn.	22	A. I believe that generally covers it.	
23	Is there any aspect of your	23	Q. Was any provision of the agreements	
24	agreements with the Dugaboy trustees that's not	24	the subject of negotiation?	
25	described in this paragraph?	25	MS. DEITSCH-PEREZ: Object to the	
	Page 84			
Ι.		١.		Page 85
1	JAMES DONDERO	1	JAMES DONDERO	Page 85
2	JAMES DONDERO form.	2	discussion – I remember clarification	Page 85
2	JAMES DONDERO form. THE WITNESS: I don't believe it was	2	discussion – I remember clarification discussions like that, but I don't remember –	Page 85
2 3 4	JAMES DONDERO form. THE WITNESS: I don't believe it was materially adjusted by any negotiation. It	2 3 4	discussion – I remember clarification discussions like that, but I don't remember – it was a long time ago. I don't remember the	Page 85
2 3 4 5	JAMES DONDERO form. THE WITNESS: I don't believe it was materially adjusted by any negotiation. It was just clarified based on discussion is	2 3 4 5	discussion – I remember clarification discussions like that, but I don't remember – it was a long time ago. I don't remember the details of anything specific like that.	Page 85
2 3 4 5 6	JAMES DONDERO form. THE WITNESS: I don't believe it was materially adjusted by any negotiation. It was just clarified based on discussion is how I would describe it.	2 3 4 5 6	discussion – I remember clarification discussions like that, but I don't remember – it was a long time ago. I don't remember the details of anything specific like that. It wasn't – it wasn't a	Page 85
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 2/49/262 Page 49 of 200 PageID 35510

	Case 5.21-CV-00001-A DOCUMERALIIDI(213) FI			
1	Page 86 JAMES DONDERO	1	JAMES DONDERO	Page 87
2	form. Asked and answered.	2	on the Highland platform McGraner would have	
3	THE WITNESS: HCRE provided	3	input into.	
4	preferred services to. Well, the	4	And then I think my – my portfolio	
5	participants there in HCRE are, my –	5	management, leadership role in Highland over	
6	myself and McGraner. And, you know, we	6	time is well documented.	
7	both provided significant other services to	7	Q. And how did you know if you were	
8	Highland.	8	providing services in your capacity as the	
9	BY MR. MORRIS:	9	president of Highland or in your capacity as an	
10		10	officer or owner of the HCRE at the time you	
11	Q. Okay. Is that in writing? Is there		provided the services?	
l	a written agreement?	11	•	
12	That was my question.	12	A. Never – never really thought about	
13	Is there a written agreement	13	parsing it that way.	
14	pursuant to which HCRE ever provided services	14	Q. I appreciate that.	
15	to Highland?	15	Do you know whether Highland Capital	
16	A. I don't believe so.	16	Management Services ever provided services to	
17	Q. Did HCRE ever provide services to	17	Highland?	
18	Highland?	18	A. Yeah.	
19	A. I would incorporate my last two	19	MS. DEITSCH-PEREZ: Object to the	
20	answers. Not under a written agreement, but I	20	form. Asked and answered.	
21	believe myself and McGraner provided a lot of	21	THE WITNESS: Yeah. I would – not	
22		22	in writing. I believe the services owners	
23	Q. And what services did you and Mr.	23	isn't myself and McGraner. I think it was	
24	McGraner provide to Highland?	24	myself and Okada.	
25	I'd say anything real estate related	25	And I would say our portfolio and	
	Page 88		IAMES DONDEDO	Page 89
1	JAMES DONDERO	1	JAMES DONDERO	
2	leadership contributions to Highland are	2	performance of whatever assets are in some	
3	well documented.	3	of those start-up entities ends up being a	
4	BY MR. MORRIS:	4	useful track record that then Highland can	
5	Q. And my question didn't have anything	5	market.	
6	to do with any particular person. It's just	6	BY MR. MORRIS:	
7	simply whether Highland Capital Management	7	Q. Okay. How about NexPoint, did	
Ι.	Services ever provided any services to Highland	١.	NexPoint ever provide services to Highland	
9	Capital Management, L.P.	9	Capital Management, L.P.?	
10	MS. DEITSCH-PEREZ: Object to the	10	A. Yes. The real estate – yes. I	
11	form.	11	mean, can I just say yes or –	
12	THE WITNESS: The entities that	12	Q. You could. That would be really	
13		40	helpful.	
l	you're describing or you're asking		•	
14	questions about don't have employees'	14	A. Okay. There we go.	
14 15	questions about don't have employees' services in HCRE. They have ownership	14 15	Q. Can you describe the circumstances	
14	questions about don't have employees'	14	Q. Can you describe the circumstances for me?	
14 15 16 17	questions about don't have employees' services in HCRE. They have ownership individuals that I've described. So I've tried the best I can to	14 15	Q. Can you describe the circumstances	
14 15 16 17 18	questions about don't have employees' services in HCRE. They have ownership individuals that I've described. So I've tried the best I can to answer your question and what the ownership	14 15 16	Q. Can you describe the circumstances for me?	
14 15 16 17	questions about don't have employees' services in HCRE. They have ownership individuals that I've described. So I've tried the best I can to answer your question and what the ownership may have done for Highland.	14 15 16 17	Q. Can you describe the circumstances for me? MS. DEITSCH-PEREZ: Finally, some accord between the witness and the questioner.	
14 15 16 17 18	questions about don't have employees' services in HCRE. They have ownership individuals that I've described. So I've tried the best I can to answer your question and what the ownership	14 15 16 17 18	Q. Can you describe the circumstances for me? MS. DEITSCH-PEREZ: Finally, some accord between the witness and the	
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 2/5 of 200 Page ID 35511

1	Page 90 JAMES DONDERO	1	JAMES DONDERO	Page 91
2	But prior to the bankruptcy, none of the	2	A. Yes.	
3	Highland attorneys were experienced in real	3	Q. Okay. And do you recall that you	
4	estate.	4	signed that incumbency certify in your capacity	
5	So anything that required	5	as president of HCMFA?	
6	transaction help on the Highland platform	6	MS. DEITSCH-PEREZ: Object to the	
7	regarding real estate, the NexPoint real estate	7	form.	
8	attomeys would help with.	8	THE WITNESS: Yes.	
9	Q. Okay. Anything else?	9	BY MR. MORRIS:	
10	A. I'm sure there are others. That's	10	Q. I want to talk about the first of	
11	all I can think of off the top of my head. I	11	the two Notes, the \$2.4 million Note.	
12		12	Do you recall that in early May	
13	Q. I appreciate that.	13	2019, Highland transferred \$2.4 million to	
14	You're aware that Highland has sued	14	HCMFA?	
15	HCMFA to collect on two notes that were signed	15	A. I don't remember a lot of specifics,	
16		16	but I know there were two Notes as you're	
	amount of \$7.4 million; is that right?	17	describing.	
18	A. Yes.	18	Q. Okay. And there was – and one of	
19	Q. Okay. And we actually went through	19	them – did you authorize the \$2.4-million	
20	this the other day, so I don't want to belabor	20	payment?	
21	it if I don't have.	21	A. Yes.	
22	But do you recall that we saw the	22	Q. And why did you authorize Highland	
23	incumbency certificate which identified	23	to transfer \$2.4 million to HCMFA in early May	
24	Mr. Waterhouse as the treasurer of HCMFA as of	24	2019?	
25	April 2019?	25	A. My answer's the same for both –	
	Page 92			Page 93
1	JAMES DONDERO	1	JAMES DONDERO	
2	both Notes. Essentially, it's regarding the	2	money into HCMFA to settle it was something I	
3	terrace start issue that we had with the	3	was aware of and authorized and a critical	
4	Fort Worth SEC.		nings of putting that issue to had	
5		4	piece of putting that issue to bed.	
	Q. Did you give anyone instructions	4 5	Q. Okay. I'm just asking you if you	
6	concerning the transfer of the \$2.4 million?		Q. Okay. I'm just asking you if you recall what instructions you gave to	
6 7	concerning the transfer of the \$2.4 million? A. I instructed them to make the	5 6 7	Q. Okay. I'm just asking you if you recall what instructions you gave to Mr. Waterhouse concerning the transfer if you	
	concerning the transfer of the \$2.4 million? A. I instructed them to make the transfer, or I was involved in the – involved	5 6 7 8	Q. Okay. I'm just asking you if you recall what instructions you gave to Mr. Waterhouse concerning the transfer if you recall?	
7 8 9	concerning the transfer of the \$2.4 million? A. I instructed them to make the transfer, or I was involved in the – involved in approving the transfer.	5 6 7 8 9	Q. Okay. I'm just asking you if you recall what instructions you gave to Mr. Waterhouse concerning the transfer if you recall? A. No. I mean, like I said, I	
7 8 9 10	concerning the transfer of the \$2.4 million? A. I instructed them to make the transfer, or I was involved in the – involved in approving the transfer. Q. And who did you instruct to make the	5 6 7 8 9 10	Q. Okay. I'm just asking you if you recall what instructions you gave to Mr. Waterhouse concerning the transfer if you recall? A. No. I mean, like I said, I authorized the movement of the money.	
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 2/6 of 200 Page ID 35512

1	JAMES DONDERO	Page 94	1	JAMES DONDERO	Page 9
2	minute, but this is the end of Media Number		2	minute.	
3	1.		3	(Whereupon, Exhibit 53, E-mail	
4	MR. MORRIS: Okay.		4	correspondence, Bates stamped D-CNL003768	
5	THE VIDEOGRAPHER: We are off the		5	through D-CNL003770, marked for	
6	record at 3:21.		6	identification, as of this date.)	
7	MR. MORRIS: We are off the record,		7	BY MR. MORRIS:	
8	but don't go anywhere.		8	Q. Okay. So Mr. Dondero, do you see	
9	MS. DEITSCH-PEREZ: What?		9	what's on the screen here?	
10	MR. MORRIS: We're not taking a		10	Mr. Dondero?	
11	break.		11	MR. MORRIS: Deborah?	
12	THE VIDEOGRAPHER: Yep. This will		12	Apparently Mr. Dondero has left the	
13	just take a minute. Please stand by.		13	seat.	
14	MR. MORRIS: Thank you.		14	THE VIDEOGRAPHER: Would you like to	
15	THE VIDEOGRAPHER: All right.		15	go off record?	
16	Suzanne, are you good to go?		16	MR. MORRIS: No.	
17	THE COURT REPORTER: I'm good.		17	THE VIDEOGRAPHER: Okay. We'll stay	
18	THE VIDEOGRAPHER: This is the		18	on the record.	
19	beginning of Media Number 2, Volume II		19	MR. MORRIS: The video is still	
20	[sic] in the deposition of James Dondero.		20	rolling, right, sir?	
21	We are back on the record at 3:22.		21	THE VIDEOGRAPHER: Yes, it is.	
22	MR. MORRIS: All right. Can we		22	MR. MORRIS: Thank you.	
23	please put up Exhibit 53.		23	Hi, Michael. If you're – if you're	
24	MS. CANTY: Yeah. Just one second.		24	able, can you reach out to your partner?	
25	My computer went haywire. Give me one		25	MR. AIGEN: I had texted her. I	
		Page 96			Page 9
1	JAMES DONDERO	. ago oo	1	JAMES DONDERO	. ago c
2	will try to call her, too; but I did text		2	the record will reflect, I specifically	
3	her a couple of minutes ago. I will try to		3	said do not leave.	
4	reach out again. Hold on.		4	MS. DEITSCH-PEREZ: Okay.	
5	MS. DEITSCH-PEREZ: I'm back. I'm		5	Mr. Dondero is back.	
6	lucky in that the ladies room is directly		6	You have to turn – turn the video	
7	across from the conference room.		7	on.	
8	Mr. Dondero's down at the other end		8	THE WITNESS: I'm back.	
9	of the floor, so he will be back shortly.		9	BY MR. MORRIS:	
10	And I just saw your note, John. The		10	Q. All right. Do you see on the screen	
11	- the videographer said he needed a break;		11	there's a document that's been marked as	
12	and you said, okay, then let's take our		12	Exhibit 53?	
13	break now. So we took a restroom break.		13	A. Yup.	
14	MR. MORRIS: I think everybody on		14	Q. Do you see there's an e-mail string	
17	, ,		15	dated May 2, 2019?	
	the phone and there's a transcript of it		I	A. Yes.	
15	the phone – and there's a transcript of it – knows that I specifically said, how long		16		
15 16	·		16 17	Q. And do you see that Mr. Waterhouse	
15 16 17	knows that I specifically said, how long do you need. He said one minute, and I			Q. And do you see that Mr. Waterhouse has – if you look at the second to the top,	
15 16 17 18	 knows that I specifically said, how long do you need. He said one minute, and I said don't go anywhere. 		17 18	has if you look at the second to the top,	
15 16 17 18 19	 knows that I specifically said, how long do you need. He said one minute, and I said don't go anywhere. This is your time, not mine. 		17 18 19	has – if you look at the second to the top, Mr. Waterhouse's e-mail is forwarding a	
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 2709/262 Page 52 of 200 PageID 35513

	Page 98			Page 99
1	JAMES DONDERO	1	JAMES DONDERO	raye 99
2	the TerreStar investment. The SEC wanted, I	2	A. Yes.	
3	believe, some payment to go to them; but they	3	Q. And is it — is it consistent with	
4	all, meaning the SEC, and the SEC wanted some	4	your recollection that the estimated loss of	
5	payment to go to the fund itself for the	5	the fund or to the fund was approximately	
6	benefit of the investors.	6	\$6 million?	
7	Q. Okay.	7	A. Yes. There is approximately –	
8	MR. MORRIS: Can we can to the chart	8	there's some other small numbers moving around,	
9	that's attached.	9	but yes.	
10	MS. CANTY: (Complies with request.)	10	Q. Okay. And do you recall that HCMFA	
11	BY MR. MORRIS:	11	informed the SEC that HCMFA would make the fund	
12	Q. Have you ever seen this chart	12	whole by paying it an amount of money equal to	
13	before, sir?	13	the loss?	
14	A. I don't believe so specifically, but	14	A. Yes.	
15	I understand what it is.	15	Q. And, in fact, HCMFA paid the fund	
16	Q. And is it your understanding, based	16	approximately \$6 million in connection with the	
17	on this chart, that the loss to the fund was	17	losses sustained as a result of the NAV error,	
117 18	\$6,068,851?	18	correct?	
	MS. DEITSCH-PEREZ: Object to the	_		
19	•	19	A. I don't know details like that.	
20	form. THE WITNESS: Yes.	20	Q. So you're not – you're not aware of	
l		21	the fact that HCMFA paid to the fund	
22	BY MR. MORRIS:	22	approximately \$6 million in May of 2019?	
23	Q. And there's – there's a column	23	A. Approximately six or approximately	
24	there that's lost to fund.	24	seven. I – I don't know. Whatever the	
25	Do you see that?	25	agreement was with the SEC to be paid to them	
۱,	Page 100	4	IAMES DONDEDO	Page 101
1	JAMES DONDERO	1	JAMES DONDERO	Page 101
	JAMES DONDERO or to the fund or whatever, I – I have all	2	is that this shows the sources of money that	Page 101
	JAMES DONDERO or to the fund or whatever, I – I have all faith and confidence we complied with; but I	2	is that this shows the sources of money that were going to be used to make the payment; is	Page 101
2 3 4	JAMES DONDERO or to the fund or whatever, I – I have all faith and confidence we complied with; but I don't – I don't know the exact numbers. I'm	2 3 4	is that this shows the sources of money that were going to be used to make the payment; is that fair?	Page 101
2 3 4 5	JAMES DONDERO or to the fund or whatever, I – I have all faith and confidence we complied with; but I don't – I don't know the exact numbers. I'm not aware of the exact numbers.	2 3 4 5	is that this shows the sources of money that were going to be used to make the payment; is that fair? MS. DEITSCH-PEREZ: Objection to the	Page 101
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2 3 4 5 6 7	JAMES DONDERO or to the fund or whatever, I – I have all faith and confidence we complied with; but I don't – I don't know the exact numbers. I'm not aware of the exact numbers. Q. Do you understand that this analysis shows how HCMFA was going to finance the	2 3 4 5 6 7	is that this shows the sources of money that were going to be used to make the payment; is that fair? MS. DEITSCH-PEREZ: Objection to the form. THE WITNESS: Yeah. I think it's a	Page 101
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	JAMES DONDERO or to the fund or whatever, I – I have all faith and confidence we complied with; but I don't – I don't know the exact numbers. I'm not aware of the exact numbers. Q. Do you understand that this analysis shows how HCMFA was going to finance the payment to the fund as a result of the NAV error? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: I'm sorry. Could you repeat that question again? BY MR. MORRIS: Q. Sure. Do you understand that this – that this chart here sets forth the manner in which HCMFA is going to fund the payment that it was making to GAF on account of the NAV error? A. I would call it more of a calculation on where the amounts are coming from. It doesn't appear to me that this is a funding statement.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	is that this shows the sources of money that were going to be used to make the payment; is that fair? MS. DEITSCH-PEREZ: Objection to the form. THE WITNESS: Yeah. I think it's a reconciliation between the insurance, some forgiveness of fees, and then additional monies that are necessary. BY MR. MORRIS: Q. Okay. And — A. Yeah. Go ahead. Q. Did HCMFA file an insurance claim in connection with the NAV error? A. I believe they did get — I believe they did, and I believe they did get paid some insurance. Q. And — and if we look at the totals column in the right, did HCMFA receive, to the best of your recollection, approximately \$5 million from insurance? A. Yes. I think we should work — I	Page 101

	D 100			D
1	JAMES DONDERO	1	JAMES DONDERO	Page 103
2	A versus the other column, yeah.	2	Q. Okay. So as a as a matter of	
3	Q. I apologize, Mr. Dondero.	3	rough math, would you agree with me that the	
4	So if we look at the last column,	4	insurance procedures funded approximately	
5	the total, does that comport with your	5	5 million of the \$7.8 million that was the	
6	recollection that HCMFA paid GAF approximately	6	total loss?	
7	\$7.44 million in May of 2019 on account of the	7	MS. DEITSCH-PEREZ: Object to the	
8	NAV error?	8	form.	
9	A. I think it's more than that, and I	9	THE WITNESS: This was the amount	
10	think it's also the 375 below that.	10	due to the investors. $I - I - my$ rough	
11	Q. Okay.	11	recollection is there was another amount	
12	A. And then I – yeah, definitely those	12	that was due the SEC, but I don't remember	
13	two numbers in aggregate. I don't know if it's	13	specifically.	
14	any others.	14	BY MR. MORRIS:	
15	Q. Okay. And did, to the best of your	15	Q. Okay. And do you see in the middle	
16	recollection, HCMFA make an insurance claim on	16	of the page, there's a total additional payment	
17	which it received almost \$5 million as a source	17	from advisor of approximately \$2.4 million?	
18	of funding for the payment that was due to GAF?	18	A. Yes.	
19	A. Yes.	19	Q. And is it your understanding that	
20	Q. Are you familiar with that insurance	20	that is the amount that HCMFA had to come out	
21	claim?	21	of pocket in order to fully fund the GAF	
22	A. No.	22	payment?	
23	Q. Do you know if the insurance claim	23	A. Yes, but it's clear to me also that	
24	made any mention of Highland?	24	there's a forgiveness of management fees, also.	
25	A. I have no idea. I have no idea.	25	Q. Okay. But is two point – but is	
	Page 104			Page 105
1	JAMES DONDERO	1	JAMES DONDERO	· ·
2	\$2.4 million the amount of money that HCMFA	2	BY MR. MORRIS:	
3	needed in order to fully fund the payment to	3	Q. Did you ever direct anyone to inform	
4	GAF?	4	the SEC that Highland was responsible for the	
5	A. And I don't want to mince small	5	NAV error?	
6	numbers; but to the extent that they gave up	6	A. No, not that I recall.	
7	their management fees also, like that 1939 or	7	Q. Do you know if anybody acting on	
8	the 39 above that – and I don't know what that	8	behalf of HCMFA ever informed the SEC that	
9	47 is above that – those are management fees		Highland was responsible for the NAV error?	
10		9		
10	that would have paid salaries and expenses at	10	A. I don't know.	
	that would have paid salaries and expenses at HCMFA also.			
11	·	10	A. I don't know.	
11	HCMFA also.	10 11	A. I don't know. Q. Do you know if HCMFA ever informed	
11 12	HCMFA also. So to the extent they gave up those	10 11 12	A. I don't know. Q. Do you know if HCMFA ever informed GAF that Highland was responsible for the NAV	
11 12 13	HCMFA also. So to the extent they gave up those items as part of the settlement, then HCMFA	10 11 12 13	A. I don't know. Q. Do you know if HCMFA ever informed GAF that Highland was responsible for the NAV error?	
11 12 13 14 15	HCMFA also. So to the extent they gave up those items as part of the settlement, then HCMFA would have needed more money than even the 2.4	10 11 12 13 14	A. I don't know. Q. Do you know if HCMFA ever informed GAF that Highland was responsible for the NAV error? A. Yes.	
11 12 13 14 15 16	HCMFA also. So to the extent they gave up those items as part of the settlement, then HCMFA would have needed more money than even the 2.4 that came from Highland.	10 11 12 13 14 15	 A. I don't know. Q. Do you know if HCMFA ever informed GAF that Highland was responsible for the NAV error? A. Yes. Q. And is that reflected in writing 	
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11 12 13 14 15 16 17 18 19 20 21 22	HCMFA also. So to the extent they gave up those items as part of the settlement, then HCMFA would have needed more money than even the 2.4 that came from Highland. Q. Do you know if HCMFA ever informed the SEC that Highland was responsible for the NAV error? A. I – I don't know. We wouldn't have hidden it if they would have asked. My experience with the SEC is they identify the advisor; and who the advisor picks for vendors	10 11 12 13 14 15 16 17 18 19 20 21 22	A. I don't know. Q. Do you know if HCMFA ever informed GAF that Highland was responsible for the NAV error? A. Yes. Q. And is that reflected in writing anywhere? A. Yes. Numerous places. Q. And what writing would that be reflected in? A. The board minutes. There were conversations every board meeting for over a year. The retail board represents GAF. They	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documerixhiibit213 FPrage 2/9 of 20 Page 54 of 200 Page ID 35515

1	Page 106 JAMES DONDERO	1	JAMES DONDERO	Page 107
2	all the valuation activities were performed by	2	THE WITNESS: Yes. Numerous board	
3	Highland. And GAF and HCMFA relied on	3	minutes.	
4	Highland, and it was a material part of board	4	BY MR. MORRIS:	
5	conversations for over a year.	5	Q. Okay. And have those board minutes	
6	MR. MORRIS: Okay. I move to	6	been produced in this litigation?	
7	strike.	7	A. I don't know.	
8	BY MR. MORRIS:	8	Q. Okay.	
			•	
9	Q. I'm asking you just about writings,	9	MR. MORRIS: Let's go to the next	
10	sir.	10	exhibit, 54.	
11	Can you identify —	11	MS. CANTY: (Complies with request.)	
12	A. No, no, no. I'm not – I'm not	12	(Whereupon, Exhibit 54, E-mail	
13	going to – I'm not going to allow that strike,	13	correspondence, Bates stamped D-CNL003777	
14	or I'm not answering anymore questions.	14	through D-CNL003779, marked for	
15	Q. Well, the judge will be the	15	identification, as of this date.)	
16	determiner of that. So I'd like you to answer	16	BY MR. MORRIS:	
17	my question.	17	Q. Do you see that on the same day, at	
18	Is there any - I don't want to know	18	the bottom, Mr. Klos sent an e-mail to the	
19	about board meetings.	19	Corporate Accounting Group?	
20	Is there anything in writing that	20	A. Yes.	
21	HCMFA provided to GAF that specifically stated	21	Q. And do you see that he instructed	
22	that Highland and not HCMFA was responsible for	22	the Corporate Accounting Group to transfer	
23	the NAV error?	23	\$2.4 million from HCMLT to HCMFA?	
24	MS. DEITSCH-PEREZ: Asked and	24	A. Yes.	
25	answered.	25	Q. And do you see that he specifically	
	Page 108			Page 109
1	JAMES DONDERO	1	JAMES DONDERO	rage 10s
2	informed the Corporate Accounting Group that	2	\$2.4 million that where the maker is Highland	
3	this transaction was a, quote, "New inter	3	Capital Management Fund Advisors, L.P.?	
4	co-loan?	4	A. Yeah.	
5	A. Yes.	5	Q. Have you ever seen this before?	
6	Q. Do you see that he asked	6	A. I think in our last deposition.	
7	Christian – Kristin or Hayley to prepare a	7	Q. Okay. Do you recall when you saw it	
			Q. Okay. Do you recall which you saw it	
8	Promisson/ Note for discussion /	[for the first time?	
a	Promissory Note for discussion?	8	for the first time?	
9	A. Yes.	8	A. Our last deposition.	
10	A. Yes. Q. Okay. Are you aware in May 2019,	8 9 10	A. Our last deposition.Q. Do you recall when you learned about	
10 11	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail	8 9 10 11	A. Our last deposition.Q. Do you recall when you learned about the existence of this document for the first	
10 11 12	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting?	8 9 10 11 12	A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time?	
10 11 12 13	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness.	8 9 10 11 12 13	A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the	
10 11 12 13 14	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top	8 9 10 11 12 13 14	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. 	
10 11 12 13 14	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to	8 9 10 11 12 13	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of 	
10 11 12 13 14	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top	8 9 10 11 12 13 14	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. 	
10 11 12 13 14 15	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to	8 9 10 11 12 13 14 15	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of 	
10 11 12 13 14 15 16 17	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to Mr. Klos's e-mail and attaches a copy of a	8 9 10 11 12 13 14 15 16	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of this Promissory Note until after the litigation 	
10 11 12 13 14 15 16 17	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to Mr. Klos's e-mail and attaches a copy of a Promissory Note?	8 9 10 11 12 13 14 15 16 17	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of this Promissory Note until after the litigation was commenced; do I have that right? 	
10 11 12 13 14 15 16 17 18	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to Mr. Klos's e-mail and attaches a copy of a Promissory Note? A. Yes. Q. Okay.	8 9 10 11 12 13 14 15 16 17 18	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of this Promissory Note until after the litigation was commenced; do I have that right? A. Correct. Q. So you're not aware of Highland 	
10 11 12 13 14 15 16 17 18 19 20	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to Mr. Klos's e-mail and attaches a copy of a Promissory Note? A. Yes. Q. Okay. MR. MORRIS: Can we just go to the	8 9 10 11 12 13 14 15 16 17 18 19 20	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of this Promissory Note until after the litigation was commenced; do I have that right? A. Correct. Q. So you're not aware of Highland having made a demand for payment on this 	
10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to Mr. Klos's e-mail and attaches a copy of a Promissory Note? A. Yes. Q. Okay. MR. MORRIS: Can we just go to the attachment, please.	8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of this Promissory Note until after the litigation was commenced; do I have that right? A. Correct. Q. So you're not aware of Highland having made a demand for payment on this Promissory Note in December of 2020?	
10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to Mr. Klos's e-mail and attaches a copy of a Promissory Note? A. Yes. Q. Okay. MR. MORRIS: Can we just go to the attachment, please. MS. CANTY: (Complies with request.)	8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of this Promissory Note until after the litigation was commenced; do I have that right? A. Correct. Q. So you're not aware of Highland having made a demand for payment on this Promissory Note in December of 2020? A. Not that I recall. 	
9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to Mr. Klos's e-mail and attaches a copy of a Promissory Note? A. Yes. Q. Okay. MR. MORRIS: Can we just go to the attachment, please. MS. CANTY: (Complies with request.) BY MR. MORRIS:	8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of this Promissory Note until after the litigation was commenced; do I have that right? A. Correct. Q. So you're not aware of Highland having made a demand for payment on this Promissory Note in December of 2020? A. Not that I recall. Q. Okay. Putting aside the question of 	
10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. Okay. Are you aware in May 2019, Frank Waterhouse was included in the e-mail string identified as Corporate Accounting? A. I do not have that awareness. Q. Okay. Do you see at the top Ms. Hendrix – Ms. Hendrix's response to Mr. Klos's e-mail and attaches a copy of a Promissory Note? A. Yes. Q. Okay. MR. MORRIS: Can we just go to the attachment, please. MS. CANTY: (Complies with request.)	8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	 A. Our last deposition. Q. Do you recall when you learned about the existence of this document for the first time? A. I believe somehow regarding the litigation. Q. Okay. So you have no knowledge of this Promissory Note until after the litigation was commenced; do I have that right? A. Correct. Q. So you're not aware of Highland having made a demand for payment on this Promissory Note in December of 2020? A. Not that I recall. 	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 3/09/262 Page 55 of 200 PageID 35516

Page 110			
1 JAMES DONDERO	1	JAMES DONDERO	Page 111
2 instructed to be paid to HCMFA by Highland in	2 A	a. No.	
3 May of 2019, do you recall when you first	3 0	Q. Did you rely on Mr. Waterhouse to	
4 learned that that was booked as a loan?		see that?	
5 A. I believe just generally as part of		a. Yes.	
6 this litigation, not before then.		Q. Okay. And you did so because he	
7 Q. Are you aware that the Corporate		not only the CFO title at Highland, but he	
8 Accounting Group created a daily list of wire		held the treasurer title at HCMFA,	
9 transfers that were being made on behalf of	9 corre		
	10	MS. DEITSCH-PEREZ: Object to the	
11 A. Not – no, not specifically.		orm.	
12 Q. Okay. So since you did not know	12	THE WITNESS: I relied on him	
13 that the \$2.4 million transfer had been booked		pecause generally the accounting function	
14 as a loan, is it fair to say that you never		across the organization reported up through	
15 told anybody prior to the commencement of this	_	nim.	
16 litigation that the transaction should not have		MR. MORRIS:	
17 been booked as a loan?	1	Q. Let's talk about the \$5 million	
18 A. I had no conversations either way	18 Not	е.	
19 prior to this litigation regarding the booking	19	Do you recall that in early	
20 of the 2.4 million.	20 May	/ 2019, in fact, the next day, May 3rd,	
21 Q. Did you ever take any steps to try	21 High	nland transferred \$5 million to HCMFA?	
22 to determine how Highland and HCMFA accounted	22 A	A. I – I don't recall specifically.	
23 for the \$2.4 million that you instructed to be	23 (Q. Do you recall authorizing the	
24 transferred from Highland to HCMFA in early		sfer of \$5 million from Highland to HCMFA	
25 May 2019?		arly May 2019?	
Page 112			Page 113
1 JAMES DONDERO	1	JAMES DONDERO	rage 113
2 A. Yes, generally.	2 0	Q. And did – do you recall if HCMFA	
3 Q. Okay. Why did you authorize		paid a consent fee in the year 2019?	
4 Highland to transfer \$5 million to HCMFA in		a. I don't recall.	
5 early 2019?		Q. Would Highland be responsible at all	
6 A. It was part of the overall	1	CMFA paid a consent fee?	
7 resolution of the TerreStar situation.	7	MS. DEITSCH-PEREZ: Object to the	
8 Q. Do you recall that HCMFA paid		MO. DETTOOTH ENEE. Object to the	
·		orm	
() comothing called a concept too equal to		OM. THE WITNESS: It could be 1	
9 something called a consent fee equal to	9	THE WITNESS: It could be. I	
10 \$5 million in early May 2019?	9 10 d	THE WITNESS: It could be. I don't — I don't know or remember the	
10 \$5 million in early May 2019?11 A. Well, like I said, I don't recall	9 10 c	THE WITNESS: It could be. I don't I don't know or remember the circumstances.	
 \$5 million in early May 2019? A. Well, like I said, I don't recall the exact amounts or the exact amounts net of 	9 10 0 11 0 12 BY	THE WITNESS: It could be. I don't – I don't know or remember the circumstances. MR. MORRIS:	
 \$5 million in early May 2019? A. Well, like I said, I don't recall the exact amounts or the exact amounts net of insurance; but my recollection it was to 	9 10 0 11 0 12 BY	THE WITNESS: It could be. I don't – I don't know or remember the circumstances. MR. MORRIS: Q. Is the payment of a consent fee a	
 \$5 million in early May 2019? A. Well, like I said, I don't recall the exact amounts or the exact amounts net of insurance; but my recollection it was to resolve that. 	9 10 0 11 0 12 BY 13 0 14 volu	THE WITNESS: It could be. I don't – I don't know or remember the circumstances. MR. MORRIS: Q. Is the payment of a consent fee a untary decision by – by HCMFA? Is that	
 \$5 million in early May 2019? A. Well, like I said, I don't recall the exact amounts or the exact amounts net of insurance; but my recollection it was to resolve that. Q. Do you know – do you know – did – 	9 10 0 11 0 12 BY 13 0 14 volu 15 som	THE WITNESS: It could be. I don't — I don't know or remember the circumstances. MR. MORRIS: Q. Is the payment of a consent fee a intary decision by — by HCMFA? Is that nething that —	
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10 \$5 million in early May 2019? 11 A. Well, like I said, I don't recall 12 the exact amounts or the exact amounts net of 13 insurance; but my recollection it was to 14 resolve that. 15 Q. Do you know – do you know – did – 16 let's real simple. 17 Did – did HCMFA pay a consent fee 18 in May of 2019? 19 A. I – I don't recall. 20 Q. Do you know what a consent fee is? 21 A. Yes. 22 Q. What's a consent fee? 23 A. It's a – a fee to encourage	9 10 0 11 0 12 BY 13 0 14 volu 15 som 16 17 f 18 19 7 20 BY 21 0 22 requ 23 exe	THE WITNESS: It could be. I don't – I don't know or remember the circumstances. MR. MORRIS: Q. Is the payment of a consent fee a untary decision by – by HCMFA? Is that nething that – MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Is that – withdrawn. That's fair. MR. MORRIS: Q. Is the payment of a consent fee uired, or is that something that one can rcise discretion in whether or not to make?	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 3/109/262 Page 56 of 200 PageID 35517

1	JAMES DONDERO	ge 114 1	JAMES DONDERO
2	THE WITNESS: My answer would be it	2	on. I've lost contact. Give me a minute.
3	depends.	3	THE VIDEOGRAPHER: Okay. I'd like
4	BY MR. MORRIS:	4	us to go off record. Do you agree?
5	Q. Do you recall whether Highland	5	MR. MORRIS: Yeah, but please don't
6	withdrawn.	6	leave.
7	Do you recall whether HCMFA was	7	MS. DEITSCH-PEREZ: Yes, we agree.
8	required to make – to make a – to pay a	8	-
9	consent fee at any time in 2019?	g	-
10	A. I don't recall.	10	
11	Q. Do you recall ever believing that	1	· · · · · · · · · · · · · · · · · · ·
12	HCMFA paid a consent fee because of something	12	
13	that because of a mistake that Highland	1;	
	made?	14	
15	A. It could be. I don't know.	15	
16			
	Q. I'm just asking if you had a recollection?	16	, ,
17		17	- , , , , , , ,
18	A. I don't have a recollection.	18	, ,
19	Q. Okay.	19	, ,
20	MR. MORRIS: To the videographer, I	20	· ·
21	think Mr. Dondero's screen has frozen.	2	
22	MS. DEITSCH-PEREZ: John, your	22	,
23	screen is frozen, too.	23	•
24	MR. MORRIS: I'm -	24	,
25	MS. DEITSCH-PEREZ: I'm also – hang	2	MR. MORRIS: No.
1		ge 116	Page 11
1	JAMES DONDERO	1	
2	Can somebody help Mr. Dondero and	2	
3	get his audio feed fixed?	3	o ,
4	Thank you, sir.	4	
5	MS. DEITSCH-PEREZ: Does this make a	5	
6	difference?	6	
7	MR. MORRIS: It sure does.	7	
8	THE WITNESS: Hello, hello.	8	
9	THE MORRIS: Thank you. All right.	9	i v
10	Let's try and let's try and finish this	10	, , , , , , , , , , , , , , , , , , , ,
11	up.	1	
12	BY MR. MORRIS:	12	Q. And did you see Ms. Hendrix also
13	Q. Are you ready, sir?	13	
10	C. 110 year outy, o		1 along guate 2
	A. Yes.	14	4 close quote?
14		14 15	·
14 15	A. Yes.		5 A. Yes.
14 15 16	A. Yes. Q. Were you aware in May 2019 that the	15	A. Yes. Co. Okay. You're aware that from time
14 15 16 17	A. Yes. Q. Were you aware in May 2019 that the \$5-million transfer from Highland to HCMFA was	15	A. Yes. Q. Okay. You're aware that from time to time, members of the Corporate Accounting
14 15 16 17 18	A. Yes. Q. Were you aware in May 2019 that the \$5-million transfer from Highland to HCMFA was booked as a loan?	15 16 17	A. Yes. Q. Okay. You're aware that from time to time, members of the Corporate Accounting Group used a template for a Promissory Note
14 15 16 17 18 19	A. Yes. Q. Were you aware in May 2019 that the \$5-million transfer from Highland to HCMFA was booked as a loan? A. No.	15 16 17 18	A. Yes. Q. Okay. You're aware that from time to time, members of the Corporate Accounting Group used a template for a Promissory Note that had been previously prepared by counsel,
14 15 16 17 18 19 20	 A. Yes. Q. Were you aware in May 2019 that the \$5-million transfer from Highland to HCMFA was booked as a loan? A. No. MR. MORRIS: Can we put up Exhibit 56, please. 	15 16 17 18 19 20	A. Yes. Q. Okay. You're aware that from time to time, members of the Corporate Accounting Group used a template for a Promissory Note that had been previously prepared by counsel, correct?
14 15 16 17 18 19 20 21	 A. Yes. Q. Were you aware in May 2019 that the \$5-million transfer from Highland to HCMFA was booked as a loan? A. No. MR. MORRIS: Can we put up Exhibit 56, please. MS. CANTY: (Complies with request.) 	1! 16 11 18 19 20 2	A. Yes. Q. Okay. You're aware that from time to time, members of the Corporate Accounting Group used a template for a Promissory Note that had been previously prepared by counsel, correct? MS. DEITSCH-PEREZ: Object to the
14 15 16 17 18 19 20 21 22	 A. Yes. Q. Were you aware in May 2019 that the \$5-million transfer from Highland to HCMFA was booked as a loan? A. No. MR. MORRIS: Can we put up Exhibit 56, please. MS. CANTY: (Complies with request.) (Whereupon, Exhibit 56, E-mail 	15 16 17 18 19 20 22	A. Yes. Q. Okay. You're aware that from time to time, members of the Corporate Accounting Group used a template for a Promissory Note that had been previously prepared by counsel, correct? MS. DEITSCH-PEREZ: Object to the form.
14 15 16 17 18 19 20 21	 A. Yes. Q. Were you aware in May 2019 that the \$5-million transfer from Highland to HCMFA was booked as a loan? A. No. MR. MORRIS: Can we put up Exhibit 56, please. MS. CANTY: (Complies with request.) 	1! 16 11 18 19 20 2	A. Yes. Q. Okay. You're aware that from time to time, members of the Corporate Accounting Group used a template for a Promissory Note that had been previously prepared by counsel, correct? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: I – yeah. I'm aware

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume@xhirbit2E3 FRage 3/20/262 Page 57 of 200 PageID 35518

Γ.				
1	Page 118 JAMES DONDERO	1	JAMES DONDERO	Page 119
2	BY MR. MORRIS:	2	MS. CANTY: (Complies with request.)	
3	Q. Okay. Do you see there's a	3	(Whereupon, Exhibit 57, Promissory	
4	parenthetical in the first sentence that says,	4	Note, Bates stamped D-CNL003764 through	
5	"(4.4M should be coming in from Jim soon)"?	5	D-CNL003765, marked for identification, as	
6	A. Yes.	6	of this date.)	
7	Q. Do you know what that refers to?	7	BY MR. MORRIS:	
8	A. My – my educated – boy. My	8	Q. In fact, were you aware, sir, that	
9	educted speculation is that Highland didn't	9	in May 2019, you paid Highland exactly	
10		10	\$7.5 million?	
11	Highland for Highland to send to HCMFA. That's	11	A. Not specifically, but it makes sense	
12		12	given the context we're discussing.	
13	•	13	Q. Okay. So the context that we're	
14	Q. And do you recall that you had taken	14	discussing was HCMFA needed \$7.5 million.	
15		15	Highland didn't have it. So that seven – you	
16		16	paid \$7.5 million to Highland, which was	
17	principal and interest then due on that Note?	17	applied against your outstanding note. And	
17 18	A. I don't have specific awareness.	18	then Highland transferred that money to HCMFA.	
19		19	Does that sound right to you?	
19 20		20	A. Generally, yes.	
20 21	Q. Okay.	21		
21 22	A. Versus – versus creating a new loan or something.	22	Q. Okay. So now if we look at this note that's on the screen, do you see this is a	
22 23	· ·		•	
23 24	Q. Okay.	23	Promissory Note for \$5 million dated May 3, 2019?	
24 25	MR. MORRIS: Let's go to Exhibit 57,	25	A. Yes.	
20	please.	25	А. 165.	
1	Page 120 JAMES DONDERO	1	JAMES DONDERO	Page 121
2	Q. And did you see this for the first	2	A. Okay.	
3	time when I showed it to you late last week?	3	Q. Okay. When did you first learn that	
4	A. Yes.	4	these notes were carried as assets on	
5	Q. And did you learn about the loan			
6		5	Highland's balance sheet?	
U	•	5	Highland's balance sheet? A. Like I said. I – my recollection is	
7	from Highland to HCMFA for the first time after	6	A. Like I said, I – my recollection is	
	from Highland to HCMFA for the first time after the litigation was commenced?	6 7	A. Like I said, I – my recollection is that as part of the bankruptcy and part of the	
8	from Highland to HCMFA for the first time after the litigation was commenced? A. That's the first time I remember.	6 7 8	A. Like I said, I – my recollection is that as part of the bankruptcy and part of the litigation.	
8	from Highland to HCMFA for the first time after the litigation was commenced? A. That's the first time I remember. Q. And did you learn that Highland and	6 7 8 9	A. Like I said, I – my recollection is that as part of the bankruptcy and part of the litigation. Q. And so did you learn of it as part	
8 9 10	from Highland to HCMFA for the first time after the litigation was commenced? A. That's the first time I remember. Q. And did you learn that Highland and HCMFA had booked the \$5-million transfer in May	6 7 8 9 10	 A. Like I said, I – my recollection is that as part of the bankruptcy and part of the litigation. Q. And so did you learn of it as part of the bankruptcy before the litigation was 	
8 9 10 11	from Highland to HCMFA for the first time after the litigation was commenced? A. That's the first time I remember. Q. And did you learn that Highland and HCMFA had booked the \$5-million transfer in May of 2019 as a loan for the first time after the	6 7 8 9 10 11	A. Like I said, I – my recollection is that as part of the bankruptcy and part of the litigation. Q. And so did you learn of it as part of the bankruptcy before the litigation was commenced, or did you learn that these notes	
8 9 10 11	from Highland to HCMFA for the first time after the litigation was commenced? A. That's the first time I remember. Q. And did you learn that Highland and HCMFA had booked the \$5-million transfer in May of 2019 as a loan for the first time after the litigation was commenced?	6 7 8 9 10 11 12	A. Like I said, I – my recollection is that as part of the bankruptcy and part of the litigation. Q. And so did you learn of it as part of the bankruptcy before the litigation was commenced, or did you learn that these notes were carried as assets after – only after the	
8 9 10 11 12 13	from Highland to HCMFA for the first time after the litigation was commenced? A. That's the first time I remember. Q. And did you learn that Highland and HCMFA had booked the \$5-million transfer in May of 2019 as a loan for the first time after the litigation was commenced? A. That is my recollection.	6 7 8 9 10 11 12 13	A. Like I said, I – my recollection is that as part of the bankruptcy and part of the litigation. Q. And so did you learn of it as part of the bankruptcy before the litigation was commenced, or did you learn that these notes were carried as assets after – only after the litigation was commenced?	
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8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	from Highland to HCMFA for the first time after the litigation was commenced? A. That's the first time I remember. Q. And did you learn that Highland and HCMFA had booked the \$5-million transfer in May of 2019 as a loan for the first time after the litigation was commenced? A. That is my recollection. Q. Okay. We talked at your first deposition in May about Highland's audited financial statements. I don't know if you have a recollection of that. Do you? A. Just generally, yes. Q. Okay. I just want to focus on these two notes. For this portion of the deposition,	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Like I said, I – my recollection is that as part of the bankruptcy and part of the litigation. Q. And so did you learn of it as part of the bankruptcy before the litigation was commenced, or did you learn that these notes were carried as assets after – only after the litigation was commenced? A. I believe only after. Especially, the specificity with regard to the notes, only after the litigation was commenced. Q. Okay. When did you learn for the first time that these notes were carried as liabilities on HCMFA's balance sheet? Withdrawn. No foundation. Are you aware that these notes have been carried as liabilities on HCMFA's balance	
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	from Highland to HCMFA for the first time after the litigation was commenced? A. That's the first time I remember. Q. And did you learn that Highland and HCMFA had booked the \$5-million transfer in May of 2019 as a loan for the first time after the litigation was commenced? A. That is my recollection. Q. Okay. We talked at your first deposition in May about Highland's audited financial statements. I don't know if you have a recollection of that. Do you? A. Just generally, yes. Q. Okay. I just want to focus on these two notes. For this portion of the deposition, we are questioning you in your individual	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Like I said, I – my recollection is that as part of the bankruptcy and part of the litigation. Q. And so did you learn of it as part of the bankruptcy before the litigation was commenced, or did you learn that these notes were carried as assets after – only after the litigation was commenced? A. I believe only after. Especially, the specificity with regard to the notes, only after the litigation was commenced. Q. Okay. When did you learn for the first time that these notes were carried as liabilities on HCMFA's balance sheet? Withdrawn. No foundation. Are you aware that these notes have been carried as liabilities on HCMFA's balance sheet?	
8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	from Highland to HCMFA for the first time after the litigation was commenced? A. That's the first time I remember. Q. And did you learn that Highland and HCMFA had booked the \$5-million transfer in May of 2019 as a loan for the first time after the litigation was commenced? A. That is my recollection. Q. Okay. We talked at your first deposition in May about Highland's audited financial statements. I don't know if you have a recollection of that. Do you? A. Just generally, yes. Q. Okay. I just want to focus on these two notes. For this portion of the deposition, we are questioning you in your individual	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Like I said, I – my recollection is that as part of the bankruptcy and part of the litigation. Q. And so did you learn of it as part of the bankruptcy before the litigation was commenced, or did you learn that these notes were carried as assets after – only after the litigation was commenced? A. I believe only after. Especially, the specificity with regard to the notes, only after the litigation was commenced. Q. Okay. When did you learn for the first time that these notes were carried as liabilities on HCMFA's balance sheet? Withdrawn. No foundation. Are you aware that these notes have been carried as liabilities on HCMFA's balance	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 3/39/262 Page 58 of 200 PageID 35519

1 JAMES I	Page 122 DONDERO	1	JAMES DONDERO	Page 123
1	ou learn after the	2	Q. Okay.	
	otes had been carried as	3	MR. MORRIS: Can we put up	
4 liabilities on HCMFA		4	Exhibit 34, please.	
5 A. Yes.	o balai loc oi locto:	5	MS. CANTY: (Complies with request.)	
6 Q. Okay. Did	VOLL AVAR RAVION	6	(Whereupon, Exhibit 34, Highland	
7 Highland's audited fi				
~		7	Capital Management, L.P., Consolidated	
8 A. Not with any		8	Financial Statements and Supplemental	
l '	are that Highland gave	9	Information, dated December 31, 2018, Bates	
•	otes to PWC as part of the	10	stamped D-CNL000212 through D-CNL000257,	
11 audit process?		11	marked for identification, as of this	
	ume they did, but I don't	12	date.)	
13 have specific aware		13	BY MR. MORRIS:	
	why do you assume that	14	Q. And turn to – just if you can see,	
15 they did?		15	sir, the first page of this is the December 31,	
16 A. As part of o	omplete financials to	16	2018, financials.	
17 the extent that they	were made by Kristin or	17	MR. MORRIS: And if we could go to	
18 whoever, properly o	r improperly. Once they	18	the second or third page to see	
19 existed, they would	have been part of a	19	PricewaterhouseCoopers' signature.	
20 complete audit.		20	MS. CANTY: (Complies with request.)	
21 Q. Are you aw	are that these two	21	BY MR. MORRIS:	
1	vere disclosed in Highland's	22	Q. And do you see that	
•	tements for the period	23	PricewaterhouseCoopers signed off on the audit	
	1, 2018, as subsequent events?	24	on June 3, 2019?	
25 A. No.	1, <u>10</u> 10, 00 00000quo 0 10	25	A. Yes.	
1 JAMESI	Page 124 DONDERO	1	JAMES DONDERO	Page 125
2 Q. Okay.	SONDERO	2	the report date, HCMFA issued Promissory Notes	
'	S: Can we go to page 252	3	to the partnership in the aggregate amount of	
	2 It's got to be – let's	J 3	to the partiership in the aggregate amount of	
4 of the document		1	\$7.4 million?	
E and the Dates	10 901 10 00 1010	4	\$7.4 million?	
5 see the Bates.	-	5	A. Yes.	
6 MS. CANTY	(Complies with request.)	5	A. Yes.Q. Okay. And are you surprised to see	
6 MS. CANTY 7 MR. MORRI	(Complies with request.) S: Yeah. Right there.	5 6 7	A. Yes. Q. Okay. And are you surprised to see that in the audit report?	
6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just	(Complies with request.) S: Yeah. Right there. to the page before so we	5 6 7 8	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the	
6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just 9 can see the head	(Complies with request.) S: Yeah. Right there. to the page before so we ling.	5 6 7 8 9	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the form.	
6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just 9 can see the head 10 MS. CANTY	(Complies with request.) S: Yeah. Right there. to the page before so we	5 6 7 8	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Withdrawn.	
6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just 9 can see the head 10 MS. CANTY 11 BY MR. MORRIS:	(Complies with request.) S: Yeah. Right there. to the page before so we ling. : (Complies with request.)	5 6 7 8 9 10	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Withdrawn. BY MR. MORRIS:	
6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just 9 can see the head 10 MS. CANTY 11 BY MR. MORRIS: 12 Q. Okay. Do	(Complies with request.) S: Yeah. Right there. to the page before so we ling. : (Complies with request.) you see that this is the	5 6 7 8 9 10 11 12	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Withdrawn. BY MR. MORRIS: Q. Have you seen – have you seen this	
6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just 9 can see the head 10 MS. CANTY 11 BY MR. MORRIS:	(Complies with request.) S: Yeah. Right there. to the page before so we ling. : (Complies with request.) you see that this is the	5 6 7 8 9 10	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Withdrawn. BY MR. MORRIS:	
6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just 9 can see the head 10 MS. CANTY 11 BY MR. MORRIS: 12 Q. Okay. Do	(Complies with request.) S: Yeah. Right there. to the page before so we ling. : (Complies with request.) you see that this is the diffinancials entitled	5 6 7 8 9 10 11 12	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Withdrawn. BY MR. MORRIS: Q. Have you seen – have you seen this	
6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just 9 can see the head 10 MS. CANTY 11 BY MR. MORRIS: 12 Q. Okay. Doy 13 section of the audite	(Complies with request.) S: Yeah. Right there. to the page before so we ling. : (Complies with request.) you see that this is the diffinancials entitled	5 6 7 8 9 10 11 12 13	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Withdrawn. BY MR. MORRIS: Q. Have you seen – have you seen this entry in the audit report before this moment?	
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6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just 9 can see the head 10 MS. CANTY 11 BY MR. MORRIS: 12 Q. Okay. Do y 13 section of the audite 14 "Subsequent Event 15 A. Yes. 16 Q. And is it you 17 the auditors include 18 material transaction 19 end of the fiscal per 20 been conducted an 21 sign off? 22 A. Yes.	(Complies with request.) S: Yeah. Right there. to the page before so we ling. : (Complies with request.) /ou see that this is the d financials entitled s"? ur understanding that in subsequent events s THAT occur between the od in which had audit has d the date that the auditors	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Withdrawn. BY MR. MORRIS: Q. Have you seen – have you seen this entry in the audit report before this moment? A. No. Q. Okay. Are you aware that Highland employees were responsible for drafting the audit report? A. Responsible for drafting the audit report? I don't know if that's a fair statement. I think they provide the detail; but my understanding, the audit report is a work	
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6 MS. CANTY 7 MR. MORRI 8 Okay. Scroll just 9 can see the head 10 MS. CANTY 11 BY MR. MORRIS: 12 Q. Okay. Do y 13 section of the audite 14 "Subsequent Event 15 A. Yes. 16 Q. And is it you 17 the auditors include 18 material transaction 19 end of the fiscal per 20 been conducted an 21 sign off? 22 A. Yes. 23 Q. Okay. So i 24 the next to the last p	(Complies with request.) S: Yeah. Right there. to the page before so we ling. : (Complies with request.) /ou see that this is the d financials entitled s"? ur understanding that in subsequent events s THAT occur between the od in which had audit has d the date that the auditors	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. Okay. And are you surprised to see that in the audit report? MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Withdrawn. BY MR. MORRIS: Q. Have you seen – have you seen this entry in the audit report before this moment? A. No. Q. Okay. Are you aware that Highland employees were responsible for drafting the audit report? A. Responsible for drafting the audit report? I don't know if that's a fair statement. I think they provide the detail; but my understanding, the audit report is a work	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 3/49/262 Page 59 of 200 PageID 35520

Page 126	Page 127
1 JAMES DONDERO	1 JAMES DONDERO
2 that was responsible for working with the	2 A. – PWC.
3 auditors in the preparation of the audit	3 Q. I apologize, sir.
4 reports?	4 Highland was the sole source of
5 A. Yeah, yes.	5 information that's contained in its audit
6 Q. Do you know what group that was?	6 reports, right, to the best of your knowledge?
7 A. I believe there's a financial	7 A. No. No. When I – the last thing I
8 reporting group that reports to Frank that	8 said a minute ago about I believe it was a
9 handles this interaction.	9 hundred percent sampling and verification, I
10 Q. Are you familiar – are you aware of	10 think the audit firm ties back to vendors,
11 what role Mr. Waterhouse plays, if any, in	11 credit agreements, source documents, et cetera.
12 connection with Highland's annual audit, at	12 Highland is not the only source of
13 least during the time that you were serving as	13 this information.
14 president?	14 Q. You were also responsible for the
15 A. I think he – he coordinates – I	15 audit report; is that fair?
16 think he has to sign off on many aspects of it,	16 A. Yes.
17 you know, as a C suite executive. So he's	17 Q. And that's because you signed a
18 responsible for, you know, completeness,	18 management representation letter, correct?
19 integrity, et cetera.	19 A. Yes.
20 And there's a certain amount of	20 Q. And do you have an understanding of
21 reliance that PWC puts on it; but my	21 what management a representation letter is?
22 understanding is audits for the last bunch of	22 MS. DEITSCH-PEREZ: Object to the
23 years has been pretty much a hundred percent	23 form. I think you've asked this in each
24 sampling and verification.	24 day of the deposition.
25 Q. High-—	25 MR. MORRIS: Okay. Just trying to
	, , , ,
Page 128 1 JAMES DONDERO	Page 129 1 JAMES DONDERO
2 get some background here.	2 Q. Have you ever told anyone that
3 THE WITNESS: Yes, I have a general	3 HCMFA's audited financial statements for the
4 understanding. They very from accounting	4 period ending December 31, 2018, inaccurately
5 firm to accounting firm, and they very	5 described the \$7.4 million transferred from
6 depending upon the type of audit. But I	6 Highland to HCMFA as loans?
7 have a general understanding of them, yes.	
	7 MS. DEITSCH-PEREZ: Object to the
8 BY MR. MORRIS:	7 MS. DEITSCH-PEREZ: Object to the 8 form.
	8 form.
9 Q. Okay. And you're – are you aware	8 form. 9 THE WITNESS: No, I have not; but I
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well?	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time.
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes.	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time. 12 I don't think I was involved or
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time. 12 I don't think I was involved or 13 signed Management Representation Letters
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial	form. THE WITNESS: No, I have not; but I haven't been involved in any of the audit functions for quite some time. I don't think I was involved or signed Management Representation Letters for any period covered by this.
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements?	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time. 12 I don't think I was involved or 13 signed Management Representation Letters 14 for any period covered by this. 15 BY MR. MORRIS:
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements? 16 A. I assume so.	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time. 12 I don't think I was involved or 13 signed Management Representation Letters 14 for any period covered by this. 15 BY MR. MORRIS: 16 Q. Okay. Let's switch gears.
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements? 16 A. I assume so. 17 Q. Have you ever –	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time. 12 I don't think I was involved or 13 signed Management Representation Letters 14 for any period covered by this. 15 BY MR. MORRIS: 16 Q. Okay. Let's switch gears. 17 The advisors have annual contracts
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements? 16 A. I assume so. 17 Q. Have you ever – 18 A. I don't have specific – I don't	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time. 12 I don't think I was involved or 13 signed Management Representation Letters 14 for any period covered by this. 15 BY MR. MORRIS: 16 Q. Okay. Let's switch gears. 17 The advisors have annual contracts 18 to manage certain retail funds, correct?
9 Q. Okay. And you're — are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements? 16 A. I assume so. 17 Q. Have you ever — 18 A. I don't have specific — I don't 19 have specific awareness, but it's not reported	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time. 12 I don't think I was involved or 13 signed Management Representation Letters 14 for any period covered by this. 15 BY MR. MORRIS: 16 Q. Okay. Let's switch gears. 17 The advisors have annual contracts 18 to manage certain retail funds, correct? 19 A. Yes.
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements? 16 A. Lassume so. 17 Q. Have you ever – 18 A. I don't have specific – I don't 19 have specific awareness, but it's not reported 20 here but not on HCMFA; so Lassume they are,	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time. 12 I don't think I was involved or 13 signed Management Representation Letters 14 for any period covered by this. 15 BY MR. MORRIS: 16 Q. Okay. Let's switch gears. 17 The advisors have annual contracts 18 to manage certain retail funds, correct? 19 A. Yes. 20 Q. And the retail funds have a board
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements? 16 A. I assume so. 17 Q. Have you ever – 18 A. I don't have specific – I don't 19 have specific awareness, but it's not reported 20 here but not on HCMFA; so I assume they are, 21 yes.	8 form. 9 THE WITNESS: No, I have not; but I 10 haven't been involved in any of the audit 11 functions for quite some time. 12 I don't think I was involved or 13 signed Management Representation Letters 14 for any period covered by this. 15 BY MR. MORRIS: 16 Q. Okay. Let's switch gears. 17 The advisors have annual contracts 18 to manage certain retail funds, correct? 19 A. Yes. 20 Q. And the retail funds have a board 21 that decides whether to renew the contracts
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements? 16 A. I assume so. 17 Q. Have you ever – 18 A. I don't have specific – I don't 19 have specific awareness, but it's not reported 20 here but not on HCMFA; so I assume they are, 21 yes. 22 Q. Okay. And do you sign Management	form. THE WITNESS: No, I have not; but I haven't been involved in any of the audit functions for quite some time. I don't think I was involved or signed Management Representation Letters for any period covered by this. BY MR. MORRIS: Q. Okay. Let's switch gears. The advisors have annual contracts to manage certain retail funds, correct? A. Yes. Q. And the retail funds have a board that decides whether to renew the contracts with the advisors, correct?
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements? 16 A. I assume so. 17 Q. Have you ever – 18 A. I don't have specific – I don't 19 have specific awareness, but it's not reported 20 here but not on HCMFA; so I assume they are, 21 yes. 22 Q. Okay. And do you sign Management 23 Representation Letters for HCMFA's audit as you	form. THE WITNESS: No, I have not; but I haven't been involved in any of the audit functions for quite some time. I don't think I was involved or signed Management Representation Letters for any period covered by this. BY MR. MORRIS: Q. Okay. Let's switch gears. The advisors have annual contracts to manage certain retail funds, correct? A. Yes. Q. And the retail funds have a board that decides whether to renew the contracts with the advisors, correct? A. Yes.
9 Q. Okay. And you're – are you aware 10 that HCMFA had its financial statements audited 11 by PWC as well? 12 A. Yes. 13 Q. Are you aware that HCMFA disclosed 14 the May 2019 Notes in its own audited financial 15 statements? 16 A. I assume so. 17 Q. Have you ever – 18 A. I don't have specific – I don't 19 have specific awareness, but it's not reported 20 here but not on HCMFA; so I assume they are, 21 yes. 22 Q. Okay. And do you sign Management	form. THE WITNESS: No, I have not; but I haven't been involved in any of the audit functions for quite some time. I don't think I was involved or signed Management Representation Letters for any period covered by this. BY MR. MORRIS: Q. Okay. Let's switch gears. The advisors have annual contracts to manage certain retail funds, correct? A. Yes. Q. And the retail funds have a board that decides whether to renew the contracts with the advisors, correct?

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 359/262 Page 60 of 200 PageID 35521

	Page 130		Page	
1	JAMES DONDERO	1	JAMES DONDERO	
2	the retail board, correct?	2	a memo from the advisors to the retail boards	
3	A. Yes.	3	concerning a supplemental 15-C information	
4	Q. And you've participated in meetings	4	request?	
5	with the retail board concerning the renewal	5	A. Yes.	
6	process, correct?	6	Q. Okay. As always, Mr. Dondero, you	
7	A. Sometimes.	7	can view any portion of this document. But if	
8	Q. Okay. Do you recall that in late	8	we could just scroll down a little bit, I just	
9	2020, the advisors provided a written memo to	9	want to know –	
10	the retail board in connection with the annual	10	MS. DEITSCH-PEREZ: Do we have a	
11	15-C review process?	11	copy of this document? Is it in your book?	
12	A. No.	12	MR. MORRIS: No.	
13	Q. Okay.	13	MS. DEITSCH-PEREZ: Okay. Well,	
14	MR. MORRIS: Can we put up	14	then he can't actually look at it. He's	
15	Exhibit 59, please.	15	looking at what's on the screen.	
16	MS. CANTY: (Complies with request.)	16	MR. MORRIS: Please.	
17	(Whereupon, Exhibit 59, Memorandum,	17	BY MR. MORRIS:	
18	dated October 23, 2020, Bates stamped	18	Q. Mr. Dondero, do you understand what	
19	HCMFAS 000025 through HCMFAS 000031, marked	19	I meant?	
20	for identification, as of this date.)	20	Will you let me know if there's any	
21	BY MR. MORRIS:	21	portion of the document you want to see?	
22	Q. Do you see that this is a memo dated	22	A. Sure. Can you – can you just keep	
23	October 23, 2020?	23	scrolling and let me see the next page?	
24	A. Yes.	24	Q. Thank you, sir.	
25	Q. Is it fair to describe this memo as	25	MS. CANTY: (Complies with request.)	
	Page 132	<u> </u>	Page	133
1	JAMES DONDERO	1	JAMES DONDERO	
2	THE WITNESS: Just stop there for a	2	A. I've never seen it before today.	
3	second.	3	Q. Okay. So do you know who's	
4	MS. CANTY: (Complies with request.)	4	responsible for preparing a memo of this type	
5	THE WITNESS: Okay. Keep going.	5	on behalf of the advisors?	
6	MS. CANTY: (Complies with request.)	6	A. Let's go back to the front and see	
7	BY MR. MORRIS:	7	who it's from.	
8	Q. Just I'm going to ask you	8	Q. Sure.	
9	questions about Section 2 just so you know, but	9	MS. CANTY: (Complies with request.)	
10	you're welcome to view any portion of this	10	BY MR. MORRIS:	
11	document as you believe necessary.	11	Q. Is that	
12	MS. CANTY: I also put it in the	12	A. Yeah. Now, I – given what it is,	
13	chat, John.	13	it's something that, I'm sure, comes out of	
14	MD MODDIC: Theolever	14	legal and compliance.	
	MR. MORRIS: Thank you.			
15	THE WITNESS: I see it.	15	Q. And does – do the advisors have –	
	THE WITNESS: I see it. BY MR. MORRIS:	15 16	withdrawn.	
15	THE WITNESS: I see it.	15		
15 16	THE WITNESS: I see it. BY MR. MORRIS: Q. Okay. So – A. Can you go – let's keep going.	15 16	withdrawn. Did the advisors have their own legal and compliance officers as of October 23,	
15 16 17	THE WITNESS: I see it. BY MR. MORRIS: Q. Okay. So –	15 16 17	withdrawn. Did the advisors have their own	
15 16 17 18	THE WITNESS: I see it. BY MR. MORRIS: Q. Okay. So – A. Can you go – let's keep going.	15 16 17 18	withdrawn. Did the advisors have their own legal and compliance officers as of October 23,	
15 16 17 18 19	THE WITNESS: I see it. BY MR. MORRIS: Q. Okay. So – A. Can you go – let's keep going. Just I'll quickly read the whole thing.	15 16 17 18 19	withdrawn. Did the advisors have their own legal and compliance officers as of October 23, 2020?	
15 16 17 18 19 20	THE WITNESS: I see it. BY MR. MORRIS: Q. Okay. So – A. Can you go – let's keep going. Just I'll quickly read the whole thing. Q. No problem. A. That's it. Okay. Got it. All	15 16 17 18 19 20	withdrawn. Did the advisors have their own legal and compliance officers as of October 23, 2020? A. No.	
15 16 17 18 19 20 21	THE WITNESS: I see it. BY MR. MORRIS: Q. Okay. So – A. Can you go – let's keep going. Just I'll quickly read the whole thing. Q. No problem. A. That's it. Okay. Got it. All	15 16 17 18 19 20 21	withdrawn. Did the advisors have their own legal and compliance officers as of October 23, 2020? A. No. Q. Did they have any – did anybody	
15 16 17 18 19 20 21 22	THE WITNESS: I see it. BY MR. MORRIS: Q. Okay. So – A. Can you go – let's keep going. Just I'll quickly read the whole thing. Q. No problem. A. That's it. Okay. Got it. All right.	15 16 17 18 19 20 21 22	withdrawn. Did the advisors have their own legal and compliance officers as of October 23, 2020? A. No. Q. Did they have any – did anybody serve as the advisors' general counsel as of	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 3/6 9/262 Page 61 of 200 PageID 35522

1 2				
2	Page JAMES DONDERO	134 1	JAMES DONDERO	Page 135
	and accounting support for all the funds listed	2	THE WITNESS: I'm not aware of what	
	in the "to" section here.	3	standard practice was or wasn't; but again,	
4	As I said earlier, NexPoint has a	4	the infrastructure for something like this	
	couple accountants – I mean – I'm sorry – a	5	would have been only at Highland.	
	couple lawyers who do real estate transactions	6	HCMFA only had portfolio managers	
	stuff. Their – their title – their title	7		
			and analysts as employees, and NexPoint	
	meaning DC's counsel, DC Sauter, who's the most	8	pretty much only had portfolio managers and	
	senior attorney there, it might be general	9	analysts as employees.	
	counsel; but he only does real estate	10		
	transactions.	11		
12	The legal dependents of NexPoint and	12	<u> </u>	
	HCMFA was on the Shared Services Agreement and	13	•	
	the Highland attorneys that performed those	14	, ,	
	Shared Services Agreements.	15	•	
16	Q. Okay. Did anybody acting on behalf	16	\ 1 1 /	
	of the advisors review and approve this memo	17		
18	before it was sent to the retail funds?	18	, ,	
19	A. I don't know.	19	that there's a question as to whether there are	
20	Q. Is it your practice as the president	20	any material amounts currently payable or due	
21	of the advisors to have memos sent to the	21	in the future EG notes to –	
22	retail board without anybody reviewing and	22	A. Yes.	
23	approving the memos on behalf of the advisors?	23	Q. – the Highland by HCMFA or	
24	MS. DEITSCH-PEREZ: Object to the	24	NexPoint?	
25	form.	25	A. Yes.	
	Page	136		Page 137
1	JAMES DONDERO	1	JAMES DONDERO	· ·
2	Q. Okay. In the 53 or 54 weeks since	2	from counsel to the advisors in response to my	
3	this memo as was sent, do you know if it has	3	specific request for the October 2020, 15-C	
4	been amended or modified in any way?	4	response. So that's how that's how I got it	
5	A. I believe there was similar memos	5	just so you know.	
6	like this for this year's annual for the	6	A. Okay.	
7	2021 renewal, but I do not have – I've not	7	Q. So – so were you aware in October	
8	seen those either; and I don't know how this	8	of 2020 that NexPoint informed the retail board	
	answer would have changed.	9	that as of June 30, 2020, it owed Highland and	
10	Q. Okay. But at least as of	10		
	•		•	
	October 23, 2020, tris is the response trial the	11	MS. DEITSCH-PEREZ: Object to the	
	October 23, 2020, this is the response that the advisors gave to the retail board in response		•	
11 12	advisors gave to the retail board in response	12	form.	
11 12 13	advisors gave to the retail board in response to Question Number 2, right?	12 13	form. THE WITNESS: I was not aware.	
11 12 13 14	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the	12 13 14	form. THE WITNESS: I was not aware. BY MR. MORRIS:	
11 12 13 14 15	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form.	12 13 14 15	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your	
11 12 13 14 15 16	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: As far – as far as I	12 13 14 15	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your recollection as to what was outstanding on the	
11 12 13 14 15 16	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: As far – as far as I know, having seen it here for the first	12 13 14 15 16 17	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your recollection as to what was outstanding on the May 31, 2017, note that NexPoint gave to	
11 12 13 14 15 16 17	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: As far – as far as I know, having seen it here for the first time and not knowing whether this was the	12 13 14 15 16 17	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your recollection as to what was outstanding on the May 31, 2017, note that NexPoint gave to Highland?	
11 12 13 14 15 16 17 18 19	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: As far – as far as I know, having seen it here for the first time and not knowing whether this was the final or if there were subsequent letters	12 13 14 15 16 17 18	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your recollection as to what was outstanding on the May 31, 2017, note that NexPoint gave to Highland? A. I don't have awareness.	
11 12 13 14 15 16 17 18 19 20	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: As far – as far as I know, having seen it here for the first time and not knowing whether this was the final or if there were subsequent letters and not knowing what the 2021 letter looks	12 13 14 15 16 17 18 19	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your recollection as to what was outstanding on the May 31, 2017, note that NexPoint gave to Highland? A. I don't have awareness. Q. Okay. Did NexPoint – do you know	
11 12 13 14 15 16 17 18 19 20 21	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: As far – as far as I know, having seen it here for the first time and not knowing whether this was the final or if there were subsequent letters and not knowing what the 2021 letter looks like, on its surface that appears so; but I	12 13 14 15 16 17 18 19 20 21	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your recollection as to what was outstanding on the May 31, 2017, note that NexPoint gave to Highland? A. I don't have awareness. Q. Okay. Did NexPoint – do you know if NexPoint ever informed the retail board that	
11 12 13 14 15 16 17 18 19 20 21 22	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: As far – as far as I know, having seen it here for the first time and not knowing whether this was the final or if there were subsequent letters and not knowing what the 2021 letter looks like, on its surface that appears so; but I have no awareness.	12 13 14 15 16 17 18 19 20 21	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your recollection as to what was outstanding on the May 31, 2017, note that NexPoint gave to Highland? A. I don't have awareness. Q. Okay. Did NexPoint – do you know if NexPoint ever informed the retail board that any – any portion of that \$23.7 million was	
11 12 13 14 15 16 17 18 19 20 21 22 23	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: As far — as far as I know, having seen it here for the first time and not knowing whether this was the final or if there were subsequent letters and not knowing what the 2021 letter looks like, on its surface that appears so; but I have no awareness. BY MR. MORRIS:	12 13 14 15 16 17 18 20 21 22 23	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your recollection as to what was outstanding on the May 31, 2017, note that NexPoint gave to Highland? A. I don't have awareness. Q. Okay. Did NexPoint – do you know if NexPoint ever informed the retail board that any – any portion of that \$23.7 million was subject to any of the agreements that you	
11 12 13 14 15 16 17 18 19 20 21 22 23 24	advisors gave to the retail board in response to Question Number 2, right? MS. DEITSCH-PEREZ: Object to the form. THE WITNESS: As far – as far as I know, having seen it here for the first time and not knowing whether this was the final or if there were subsequent letters and not knowing what the 2021 letter looks like, on its surface that appears so; but I have no awareness.	12 13 14 15 16 17 18 19 20 21	form. THE WITNESS: I was not aware. BY MR. MORRIS: Q. Does that amount comport with your recollection as to what was outstanding on the May 31, 2017, note that NexPoint gave to Highland? A. I don't have awareness. Q. Okay. Did NexPoint – do you know if NexPoint ever informed the retail board that any – any portion of that \$23.7 million was subject to any of the agreements that you entered into with the Dugaboy trustee?	

Page 138	Page 139
1 JAMES DONDERO	1 JAMES DONDERO
2 Q. Did you ever instruct anybody on	2 everything that's going on with the Highland
3 behalf of NexPoint to advise the retail board	3 bankruptcy in 2021.
4 of the existence of the agreements?	4 And I'm not aware of what those
5 A. No, I do not believe so.	5 letters contain. I haven't seen those letters
6 Q. Do you know if anybody acting on	6 either, but those letters may include quite a
7 behalf of NexPoint has ever informed the retail	7 bit of disclosure regarding the questions that
8 board that NexPoint's outstanding obligation	8 you're asking me; but I don't know. But I
9 was subject to the agreements that you entered	9 didn't specifically instruct anybody to tell
10 into with the Dugaboy trustee?	10 the board. I also didn't instruct anybody
11 A. No.	11 specifically to not tell the board.
12 Q. Did you ever inform the retail	So I don't know what was told to the
13 boards that any portion of this \$23 million was	13 board for the period after October 2020.
14 subject to offset?	14 Q. Okay. I appreciate that, and I can
15 A. You know what, I – let me answer	15 only ask you what you know, right?
16 that and let me also adjust the last five no	And so what may or may not be in any
17 answers I just rattled off.	17 other report is kind of irrelevant here because
18 I'm thinking in the context of the	18 you haven't seen those reports, right?
19 time period of the date of this letter, which	19 A. Correct.
20 is October of 2020.	20 Q. Okay. And so you have no basis of
21 Again, there would have been similar	21 knowing one way or the other whether any report
22 letters and disclosures like this and	22 delivered to the retail board after October
23 additional questions, initial requests for	23 2020 – 2020 contains anything about the
24 renewal, and then subsequent questions,	24 agreements that you entered into with the
25 probably multiple subsequent questions, given	25 Dugaboy trustee, correct?
Dage 140	
Page 140	Page 141
1 JAMES DONDERO	1 JAMES DONDERO
1 JAMES DONDERO 2 A. Right. I just want to be clear that	 JAMES DONDERO everything we have gone over in the last – I
JAMES DONDERO A. Right. I just want to be clear that my answer's saying I did not specifically	JAMES DONDERO everything we have gone over in the last – I don't know. Probably.
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't	JAMES DONDERO everything we have gone over in the last – I don't know. Probably. Q. Okay. Do you know whether anybody
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't	JAMES DONDERO everything we have gone over in the last – I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them.	JAMES DONDERO everything we have gone over in the last – I don't know. Probably. Q. Okay. Do you know whether anybody
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay.	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million?
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I – I don't know.
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make.	JAMES DONDERO everything we have gone over in the last – I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I – I don't know. Q. Okay. Do you know whether – do you
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem.	JAMES DONDERO everything we have gone over in the last – I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I – I don't know. Q. Okay. Do you know whether – do you know whether anybody acting behalf of HCMFA
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's — that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then — and then do you see that	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I – I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's — that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then — and then do you see that 12 there's a report to the retail board that HCMFA	JAMES DONDERO everything we have gone over in the last – I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I – I don't know. Q. Okay. Do you know whether – do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA 13 had approximately \$12.3 million outstanding to	JAMES DONDERO everything we have gone over in the last – I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I – I don't know. Q. Okay. Do you know whether – do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind?
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I – I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA 13 had approximately \$12.3 million outstanding to 14 Highland as of June 30, 2020? 15 A. Yes.	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I – I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA 13 had approximately \$12.3 million outstanding to 14 Highland as of June 30, 2020? 15 A. Yes. 16 Q. Okay. So just the same type of	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA 13 had approximately \$12.3 million outstanding to 14 Highland as of June 30, 2020? 15 A. Yes. 16 Q. Okay. So just the same type of 17 questions.	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure were known at this point in time.
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA 13 had approximately \$12.3 million outstanding to 14 Highland as of June 30, 2020? 15 A. Yes. 16 Q. Okay. So just the same type of	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA 13 had approximately \$12.3 million outstanding to 14 Highland as of June 30, 2020? 15 A. Yes. 16 Q. Okay. So just the same type of 17 questions.	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure were known at this point in time.
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA 13 had approximately \$12.3 million outstanding to 14 Highland as of June 30, 2020? 15 A. Yes. 16 Q. Okay. So just the same type of 17 questions. 18 Do you have any knowledge as to how	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure were known at this point in time. Q. Okay. If — and we can look at
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA 13 had approximately \$12.3 million outstanding to 14 Highland as of June 30, 2020? 15 A. Yes. 16 Q. Okay. So just the same type of 17 questions. 18 Do you have any knowledge as to how 19 that number was calculated?	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure were known at this point in time. Q. Okay. If — and we can look at paragraph 1 if it helps.
1 JAMES DONDERO 2 A. Right. I just want to be clear that 3 my answer's saying I did not specifically 4 instruct somebody to tell them. It doesn't 5 mean they don't know or someone else didn't 6 tell them. 7 Q. Okay. 8 A. So that's – that's a clarification 9 I want to make. 10 Q. Okay. No problem. 11 And then – and then do you see that 12 there's a report to the retail board that HCMFA 13 had approximately \$12.3 million outstanding to 14 Highland as of June 30, 2020? 15 A. Yes. 16 Q. Okay. So just the same type of 17 questions. 18 Do you have any knowledge as to how 19 that number was calculated? 20 A. No.	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure were known at this point in time. Q. Okay. If — and we can look at paragraph 1 if it helps. But my question is whether you're
JAMES DONDERO A. Right. I just want to be clear that my answer's saying I did not specifically instruct somebody to tell them. It doesn't mean they don't know or someone else didn't tell them. Q. Okay. A. So that's – that's a clarification I want to make. Q. Okay. No problem. And then – and then do you see that there's a report to the retail board that HCMFA had approximately \$12.3 million outstanding to Highland as of June 30, 2020? A. Yes. Q. Okay. So just the same type of questions. Do you have any knowledge as to how that number was calculated? A. No. Do you know if it includes the	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure were known at this point in time. Q. Okay. If — and we can look at paragraph 1 if it helps. But my question is whether you're aware of anybody on behalf of HCMFA ever
JAMES DONDERO A. Right. I just want to be clear that my answer's saying I did not specifically instruct somebody to tell them. It doesn't mean they don't know or someone else didn't tell them. Q. Okay. A. So that's – that's a clarification I want to make. Q. Okay. No problem. And then – and then do you see that there's a report to the retail board that HCMFA had approximately \$12.3 million outstanding to Highland as of June 30, 2020? A. Yes. Q. Okay. So just the same type of questions. Do you have any knowledge as to how that number was calculated? A. No. Q. Do you know if it includes the \$7.4 million, which is the aggregate principal	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by 7 \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure were known at this point in time. Q. Okay. If — and we can look at paragraph 1 if it helps. But my question is whether you're aware of anybody on behalf of HCMFA ever informing the retail board in 2020 that HCMFA
JAMES DONDERO A. Right. I just want to be clear that my answer's saying I did not specifically instruct somebody to tell them. It doesn't mean they don't know or someone else didn't tell them. Q. Okay. A. So that's – that's a clarification I want to make. Q. Okay. No problem. And then – and then do you see that there's a report to the retail board that HCMFA had approximately \$12.3 million outstanding to Highland as of June 30, 2020? A. Yes. Q. Okay. So just the same type of questions. Do you have any knowledge as to how that number was calculated? A. No. Q. Do you know if it includes the \$7.4 million, which is the aggregate principal amount of the two notes that HCMFA issued to	JAMES DONDERO everything we have gone over in the last — I don't know. Probably. Q. Okay. Do you know whether anybody has informed the retail board on behalf of HCMFA that that \$12.3 million was overstated by \$7.4 million? A. I — I don't know. Q. Okay. Do you know whether — do you know whether anybody acting behalf of HCMFA ever told the retail boards that the \$12.3 million was subject to offset of any kind? A. I don't know, but I can't imagine the October 21 letter didn't address some of those issues because those issues I'm not sure were known at this point in time. Q. Okay. If — and we can look at paragraph 1 if it helps. But my question is whether you're aware of anybody on behalf of HCMFA ever informing the retail board in 2020 that HCMFA had claims against Highland?

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1	Page 142 JAMES DONDERO	1	JAMES DONDERO	Page 143
2	THE WITNESS: I don't know.	2	confirmation hearing, right?	
3	BY MR. MORRIS:	3	A. I – I don't – I don't know.	
4	Q. Do you know whether anybody acting	4	Q. All right. I'll represent to you	
5	on behalf of either the advisors informed the	5	that the lawsuits were commenced on or about	
6	retail board at any time in the year 2020 that	6	January 22, and the confirmation hearing took	
7	either advisor had claims against Highland?	7	place, I think, on February 2 and February 3,	
8	MS. DEITSCH-PEREZ: Object to the	8	2021.	
9	form.	9	Does that refresh your recollection	
10	THE WITNESS: I don't know.	10	at all that the lawsuits were known to you at	
11	MR. MORRIS: Okay. We can take that	11	the time of confirmation?	
12	down, please.	12	MS. DEITSCH-PEREZ: Object to the	
13	MS. CANTY: (Complies with request.)	13	form.	
14	BY MR. MORRIS:	14	THE WITNESS: Not specifically. I	
15	Q. Are you aware that the Court	15	mean, given the details you just explained,	
16	confirmed the Debtor's Fifth Amended Complaint	16	I guess generally.	
17	of Reorganization in February of 2021?	17	BY MR. MORRIS:	
18	A. Generally.	18	Q. Okay. I'd like to refer to you	
19	Q. And do you recall that objections to	19	NexPoint and HCMFA and HCRE and Services	
20	the confirmation of the plan were filed by you	20	collectively as the defendants for the next set	
21	and each of the advisors, among others?	21	of questions, okay?	
22	A. Yes.	22	A. Okay.	
23	Q. And do you recall that these	23	Q. And these questions are in your	
24	actions, these lawsuits to collect on the	24	capacity as an individual and in your 30(b)(6)	
25	notes, they were commenced before the	25	capacity, okay?	
	·			
1	Page 144 JAMES DONDERO	1	JAMES DONDERO	Page 145
2	Is that okay, sir?	2	want to get this done. But my question had to	
3	A. I'll do the best I can. If I if	3	do with the disclosure to the bankruptcy court,	
4	I need clarity or caveats, I'll throw them out	4	okay? Let me just try again.	
5	there.	5	Are you aware, sir, whether any of	
6	Q. Okay. Now, I do understand you're	6	the defendants disclosed to the bankruptcy	
7	not a 30(b)(6) witness for HCMFA today. So	7	court prior to confirmation the existence of	
8	let's make that clear.	8	the agreements that you entered into with the	
9	MS. DEITSCH-PEREZ: Thank you.	9	Dugaboy trustee?	
10	BY MR. MORRIS:	10	MS. DEITSCH-PEREZ: Object to the	
11	Q. As to HCMFA, you're just here in	11	form and to interrupting the witness.	
12		12	THE WITNESS: I'll say yes.	
13		13	BY MR. MORRIS:	
14	Prior to confirmation, do you know	14	Q. Okay. Did you do that?	
15	whether anyone acting on behalf of any of the	15	A. Yes.	
16	defendants ever disclosed to the bankruptcy	16	Q. And did you do that as part of your	
17		17	testimony in the hearing, or did you do it	
18	agreement – agreements with the Dugaboy	18	through the filing of a pleading?	
19		19	MS. DEITSCH-PEREZ: Object to the	
20	A. I guess generally, I've testified to	20	form.	
21	this already. There were numerous	21	THE WITNESS: I don't - I don't	
22	conversations with Seery, and I know Lynn had	22	know about pleadings or filings. I – I	
23	conversations.	23	don't know.	
24		24	BY MR. MORRIS:	
25	interrupt because I know you're tired; and I	25	Q. Do you recall what you told the	
24	Q. Sir, I apologize, but I'm going to	24	BY MR. MORRIS:	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 3/99/262 Page 64 of 200 PageID 35525

	Page 146			Page 147
1	JAMES DONDERO	1	JAMES DONDERO	r age 147
2	bankruptcy court about the agreements that you	2	All of those settlement proposals,	
3	entered into with the Dugaboy trustee?	3	some were done formally through Seery; some	
4	A. No. I'm not – yes. No. I'm	4	were done indirectly; some of it were – some	
5	not - no, I don't. I don't want to - I don't	5	of them were done to the independent board;	
6	want to start talking and have you strike it or	6	some of them were done directly to Clemente.	
7	object. So I'll just answer specifically until	7	But all of those documented the expectation	
8	you get to the question.	8	that the notes were compensation.	
9	Q. Yeah. So – so again, I'm not	9	Q. Do you believe that any of the	
10	trying to trick you.	10	documents that you just described were ever	
11	Can you recall when you told the	11	presented to the bankruptcy court?	
12	bankruptcy court that you had entered into will	12	A. Yes.	
13	the agreements with the Dugaboy trustee?	13	Q. Okay. When and in what context were	
14	A. No.	14	those documents delivered to the bankruptcy	
15	Q. Can you remember the subject matter	15	court?	
16	of any hearing at which you informed the	16	A. I believed that the independent	
17	bankruptcy court about the existence of the	17	board and Seery were representatives of the	
18	agreements that you entered into with the	18	bankruptcy court in that regard.	
19	Dugaboy trustee?	19	So I think within a month, two	
20	A. I don't know where or how this works	20	months of the filing, there were proposals made	
21	legally. But every written proposal we put	21	to creditors directly and the independent	
22	forward as a solution and as a plot plan,	22	board; and then subsequently, once Seery became	
23	always had a zero on all the affiliated notes	23	president, to him.	
24	as being a zero in something that was	24	And then when Seery proved	
25	ultimately likely to be compensation.	25	ineffective regarding settlements, there were	
1				
\vdash	Page 140			Dog 140
1	JAMES DONDERO	1	JAMES DONDERO	Page 149
1 2	JAMES DONDERO	1 2	JAMES DONDERO know.	Page 149
Ι.			know.	Page 149
Ι.	JAMES DONDERO reach outs – reaches out to creditors directly again and – to Clemente and the committee; but	2	know. Q. And I appreciate what you've said	Page 149
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibital Frage 4/0 9/262 Page 65 of 200 PageID 35526

1	Page 150			age 151
l l	JAMES DONDERO	1	JAMES DONDERO	
2	THE VIDEOGRAPHER: This is the		BY MR. MORRIS:	
3	beginning of Media Number 3 in the	3	Q. Prior to confirmation, did you	
4	deposition of James Dondero. We are back	4	direct anybody to inform Judge Jemigan that	
5	on the record. The time is 4:45.	5	any of the Promissory Notes were unenforceable	
6	BY MR. MORRIS:	6	for any reason?	
7	Q. Just to finish up on the topic we	7	A. I don't know.	
8	were on when we took the break, Mr. Dondero.	8	Q. Okay. I want to direct your	
9	Prior to confirmation, do you know	9	attention to December 2020.	
10	which of the defendants ever informed the	10	Do you recall if you had a	
11	bankruptcy court that any of the Promissory	11	conversation with Frank Waterhouse concerning	
12	Notes that are the subject of the lawsuits were	12	payments that were due to Highland by any of	
13	unenforceable for any reason?	13	the companies that you directly or indirectly	
14	And when I use the phrase	14	own or control?	
15	"bankruptcy court" here – you know what, let	15	A. I'm trying to think. Generally, we	
16	me ask a different question.	16	overpaid on shared services, so by a	
17	Prior to confirmation, do you know	17	significant amount, I believe 14, 15 million	
18	if anybody acting on behalf of the defendants	18	bucks. And then there was a supposed to be an	
19	ever disclosed to Judge Jemigan that any of	19	overall transition settlement true-up regarding	
20	the Promissory Notes subject to the lawsuits	20	the employees, the office space, you know,	
21	were unenforceable for any reason?	21	whatever.	
22	MS. DEITSCH-PEREZ: Object to the	22	So the – yeah, that's – that's the	
23	form.	23	- that's my general recollection.	
24	THE WITNESS: I don't know.	24	Q. But did you give Mr. Waterhouse any	
25		25	instructions as to whether to pay or not pay	
1	Page 152		Pa	age 153
	IAMES DONIDEDO	1		age 100
	JAMES DONDERO	1	JAMES DONDERO	age 100
2	any amounts that were due and owing to Highland	2	JAMES DONDERO Mr. Waterhouse?	age 133
2	any amounts that were due and owing to Highland under any agreement between Highland and any	2	JAMES DONDERO Mr. Waterhouse? A. Not that I recall.	age 103
2 3 4	any amounts that were due and owing to Highland under any agreement between Highland and any affiliate?	2 3 4	JAMES DONDERO Mr. Waterhouse? A. Not that I recall. Q. Do you recall telling anybody other	age 103
2 3 4 5	any amounts that were due and owing to Highland under any agreement between Highland and any affiliate? MS. DEITSCH-PEREZ: Object to the	2 3 4 5	JAMES DONDERO Mr. Waterhouse? A. Not that I recall. Q. Do you recall telling anybody other than Mr. Waterhouse in December 2020 that no	age 100
2 3 4 5 6	any amounts that were due and owing to Highland under any agreement between Highland and any affiliate? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6	JAMES DONDERO Mr. Waterhouse? A. Not that I recall. Q. Do you recall telling anybody other than Mr. Waterhouse in December 2020 that no payment should be made to Highland under the	age 100
2 3 4 5 6 7	any amounts that were due and owing to Highland under any agreement between Highland and any affiliate? MS. DEITSCH-PEREZ: Object to the form. Are you asking about the Notes or	2 3 4 5 6 7	JAMES DONDERO Mr. Waterhouse? A. Not that I recall. Q. Do you recall telling anybody other than Mr. Waterhouse in December 2020 that no payment should be made to Highland under the Shared Services Agreement?	age 100
2 3 4 5 6 7 8	any amounts that were due and owing to Highland under any agreement between Highland and any affiliate? MS. DEITSCH-PEREZ: Object to the form. Are you asking about the Notes or the Shared Services Agreements?	2 3 4 5 6 7 8	JAMES DONDERO Mr. Waterhouse? A. Not that I recall. Q. Do you recall telling anybody other than Mr. Waterhouse in December 2020 that no payment should be made to Highland under the Shared Services Agreement? A. I do believe there was a team — I	age 133
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Page 154	Page 155
1 JAMES DONDERO	1 JAMES DONDERO
2 overpayment on shared services. And those –	2 I don't know which ones were cured in January
3 those spreadsheets went back and forth, and	3 or February. I don't know.
4 Seery has copies of them also.	4 Q. Is it your testimony that you
5 Q. Are you aware of any payments being	5 believe that one or more of Highland affiliates
6 made by the advisors to Highland after	6 made a payment in December 2020 to cure – as a
7 November 30, 2020?	7 cure payment?
8 A. Hopefully not on shared services. I	8 MS. DEITSCH-PEREZ: Object to the
9 believe there were payments on principal and	9 form.
10 interest on notes.	10 BY MR. MORRIS:
11 Q. Were any of those payments that you	11 Q. I just – I'm sorry. I –
12 have in mind made before the end of calendar	12 A. I – I – okay.
13 year 2020 – withdrawn.	13 Q. Yeah. I just want to try to get
14 Were any of those payments that you	14 this as cleanly as I can. Did you –
15 have in mind made in December 2020?	15 A. I believe –
16 A. I don't know. I don't know which	16 Q. Go ahead, sir.
17 ones were paid and kept current. I don't know	17 A. No. I'll let you go. It's better
18 which ones were cured. I don't I don't	18 if you ask me.
19 remember which ones were which.	19 Q. Okay. Did you direct anybody to
20 Q. Are you aware of any note that was	20 make any payment in December 2020 to Highland
21 tendered by one of Highland's affiliates on	21 on behalf of any affiliate that you owned or
22 which payment was made in December 2020?	22 controlled?
23 A. Idon't know. Idon't know when -	23 A. I believe all notes are outstanding
24 I don't know which ones were kept current. I	24 and current and in good standing. I don't know
25 don't know which ones were cured in December.	25 when they were cured.
Page 156	Page 157
1 JAMES DONDERO	1 JAMES DONDERO
2 Q. Are you just talking about the term	2 MS. DEITSCH-PEREZ: Object to the
3 notes here or the demand notes as well?	3 form.
4 A. All of the above. All of the notes	4 BY MR. MORRIS:
5 as far as I know.	5 Q. – by you – by you or any entity
6 Q. Are you aware that in December 2020,	6 directly or indirectly owned or control by you
7 Highland made a demand for payment under all of	7 to Highland?
8 the demand notes?	8 A. I don't have awareness.
9 A. And I believe they're all current as	9 Q. Do you recall that early in 2021,
10 far as interest and principal amortization. I	10 Highland gave notice of default on the three
11 believe they've all been cured.	11 term notes?
12 Q. Okay. Can you identify any payment	12 A. I'm aware in – that January – yes,
13 that was made in December 2020 to Highland on	13 I guess I am aware that Highland declared them
14 behalf of yourself or any entity that you	14 in default in January, yes.
15 directly or indirectly own or control?	15 Q. And you're aware that in addition to
16 A. I wouldn't have been involved in	16 declaring them in default, they gave notice of
17 I wouldn't have been involved in normal course	17 acceleration?
18 payments. I know there were — I know for sure	18 A. I'm not aware of acceleration. I'm
19 there were cure payments in January. I don't	19 aware of, I guess, default I had heard.
20 know if there were in December.	20 Q. Did you ever see the
21 Q. Okay. And that's – we'll get to	21 notice-of-default letters that Highland sent to
22 January. I'm just trying to finish up	22 NexPoint HCRE and services?
23 December.	23 A. I don't believe I've seen all of
24 Are you aware of any payments made	24 them. I think I've seen one on demand notes.
25 in December 2020 –	25 I don't think I've – I don't remember seeing
20	

	Page 158			Page 159
1	JAMES DONDERO	1	JAMES DONDERO	
2	any on term loans.	2	Q. Did you do anything or say anything	
3	Q. All right. So as you sit here right	3	else with respect to your – your learning	
4	now, you don't have a recollection of having	4	about the declaration of default?	
5	seen the default notices that were sent by	5	A. No. It – no. I don't remember	
6	Highland in January 2021 with respect to the	6	anything else.	
7	term notes, right?	7	Q. Did you ask your – do you know	
8	MS. DEITSCH-PEREZ: Why don't you	8	whether anyone acting on behalf of ever reached	
9	show him one.	9	out to Highland with respect to the payments	
10	THE WITNESS: I don't recall. Yeah.	10	that were made in January of 2021 as cure	
11	I mean, I don't - I don't recall seeing	11	payments as you described them?	
12	any of them.	12	A. Frank was Highland.	
13	BY MR. MORRIS:	13	Q. I'm asking –	
14	Q. Okay. How did you learn that	14	A. Frank - Frank - Frank was the	
15	Highland had sent the default notices?	15	person I reached out to at Highland. Who else	
16	A. I believe it was at a hearing I	16	would I reach out to at Highland?	
17	attended in person from which I called Frank,	17	Q. Did you – did you reach out to	
18	and I was surprised and annoyed that the	18	anybody else?	
19	relative de minimis amounts hadn't been paid;	19	A. No. Just Frank.	
20	and I asked him what does it take to cure them	20	Q. Okay. Did anybody acting on your	
21	or make them current.	21	behalf reach out to anybody else?	
22	And then he told me the numbers, and	22	A. Not that I know of or not that I	
23	they were small and de minimis; and I told him	23	thought was necessary.	
24	make sure they get paid and make sure the notes	24	Q. In January of 2021, did it occur to	
25	are cured.	25	you to either communicate with or through your	
_	Page 160			Page 161
1	JAMES DONDERO	1	JAMES DONDERO	Page 161
1 2			JAMES DONDERO your attorneys to confirm with Pachulski Stang	Page 161
	JAMES DONDERO	2		Page 161
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 21/39/1262 Page 68 of 200 PageID 35529

Ι.	Page 162	Τ.		Page 163
1	JAMES DONDERO	1	JAMES DONDERO	
2	thought was necessary.	2	go off the record?	
3	Q. Okay. Did – did you ever tell	3	All right. We're off record at	
4	Judge Jemigan that you had made cure payments?	4	5:03.	
5	A. I didn't know I'm allowed to have	5	(Whereupon, a break was taken.)	
6	ex parte conversations with her, but there's a	6	THE VIDEOGRAPHER: We are back on	
7	lot of things I'd like to tell her about this	7	the record. The time is 5:06.	
8	case; but no I did not.	8	MR. MORRIS: Okay. Asia, can you	
9	Q. All right. I'm not talking about	9	please put on the screen Exhibit 24, which	
10	ex parte conversations, sir. Let's take	10	are Mr. Dondero's written responses to	
11	confirmation, for example.	11	discovery?	
12	Did you or anybody acting on any of	12	MS. CANTY: (Complies with request.)	
13	the defendants' behalf ever inform	13	(Whereupon, Exhibit 24, Defendant	
14	Judge Jernigan that Frank Waterhouse had told	14	James Dondero's Objections and Responses to	
15	you that the payments in January 2021 would be	15	Plaintiff's Requests for Admission,	
16	deemed to be cure payments?	16	Interrogatories, and Requests for	
17	A. Not that I'm aware of.	17	Production, marked for identification, as	
18	Q. Thank you.	18	of this date.)	
19	MR. MORRIS: Give me one more	19	BY MR. MORRIS:	
20	moment. In fact, I'm going to ask for just	20	Q. And Mr. Dondero, I don't know if you	
21	three minutes. I'm going to check and see	21	have that binder in front of you, but this is	
22	how much more I have here. It won't be	22	one of the documents that will be in there,	
23	long if I have anything. So let's go off	23	Number 24.	
24	the record.	24	A. Number 24?	
25	THE VIDEOGRAPHER: Would you like to	25	Q. Yes, sir.	
25	·	25	Q. 163, 311.	
1	Page 164 JAMES DONDERO	1	JAMES DONDERO	Page 165
1 2	JAMES DONDERO	1 2	JAMES DONDERO signed it?	Page 165
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Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E3 FRage 1/49/1262 Page 69 of 200 PageID 35530

	Case 3.21-CV-00001-A DUCUME EXIMITATE F			
1	Page 166 JAMES DONDERO	1	JAMES DONDERO	Page 167
2	Admission Number 3.	2	discussed the MGM Comerstone, Trustway, and	
3	Do you see that Highland asked you	3	the specifics of the agreement with him before,	
	to admit, quote, "that prior to the	4	I don't - I don't know. So	
	commencement of the adversary proceeding, you	5	Q. Do you –	
	never disclosed the terms of the agreement to	6	A. I think denying is appropriate, but	
	~			
	Frank Waterhouse," close quote?	7	I'm at not saying Frank knew the specifics of	
8	A. That's on page 8, Number 3, right?	8	the agreement prior to the commencement of	
9	Q. Correct. And you denied that,	9	litigation.	
10	correct?	10	Q. Did you tell him that you had an	
11	A. Yes.	11	agreement with the Dugaboy trustee?	
12	Q. Okay. Did you disclose the terms of	12	A. I told him there were mechanisms for	
13	the agreement as we've defined that term to	13	forgiving the – or there were – there were	
14	Frank Waterhouse prior to the commencement of	14	mechanisms for the notes being compensation and	
15	the adversary proceeding?	15	not being part of any kind of cement or asset	
16	A. You know, what I've answered was a	16	to the estate.	
17	long answer earlier that the notes were	17	Q. Okay. Do you recall telling him	
18	compensation. The notes were to be – would be	18	anything else during these conversations?	
19	forgiven as part of compensation, shouldn't be	19	A. No, I didn't – no. I didn't feel	
20	included in any settlement.	20	it necessary to talk to him about the	
21	Frank and his group were deeply	21	specifics.	
22	involved in all the plot plan and settlement,	22	Q. Okay. And do you recall having this	
23	things that went back and forth. He knew.	23	discussion in any context other than in	
24	Now, whether he knew the specifics	24	connection with the preparation of a settlement	
25	of the agreement in terms of, whether I ever	25	proposal?	
23	of the agreement interms of, whether rever	25	ргорозат:	
1	Page 168 JAMES DONDERO	1	JAMES DONDERO	Page 169
2	A. There wasn't another reason – there			
l		2	of the adversary proceeding concerning the	
3	- no, I don't remember any other context.	3	existence of the agreement.	
4	Q. Okay.	4	Q. All right. So you've read that.	
5	A. But the settlements were regular and		And so my question to you is: Did you deny	
l	ongoing -	5		
7		6	that because there are settlement proposals	
	Q. Okay.	6 7	that you created that show zero value for the	
8	Q. Okay. A. – in our mind, not in the	6	that you created that show zero value for the Promissory Notes at issue?	
9	Q. Okay. A. – in our mind, not in the Stonehill's mind.	6 7 8 9	that you created that show zero value for the Promissory Notes at issue? A. Yes, partly.	
l	Q. Okay. A. – in our mind, not in the Stonehill's mind. Q. Okay. Can you go – can we go to	6 7 8	that you created that show zero value for the Promissory Notes at issue? A. Yes, partly. Q. Okay. What other documents were	
9	Q. Okay. A. – in our mind, not in the Stonehill's mind.	6 7 8 9	that you created that show zero value for the Promissory Notes at issue? A. Yes, partly.	
9 10	Q. Okay. A. – in our mind, not in the Stonehill's mind. Q. Okay. Can you go – can we go to	6 7 8 9 10	that you created that show zero value for the Promissory Notes at issue? A. Yes, partly. Q. Okay. What other documents were	
9 10 11	 Q. Okay. A. – in our mind, not in the Stonehill's mind. Q. Okay. Can you go – can we go to page 9, Request for Admission Number 8? 	6 7 8 9 10 11	that you created that show zero value for the Promissory Notes at issue? A. Yes, partly. Q. Okay. What other documents were created prior to the commencement of the	
9 10 11 12	 Q. Okay. A. – in our mind, not in the Stonehill's mind. Q. Okay. Can you go – can we go to page 9, Request for Admission Number 8? A. Yes. 	6 7 8 9 10 11 12	that you created that show zero value for the Promissory Notes at issue? A. Yes, partly. Q. Okay. What other documents were created prior to the commencement of the adversary proceeding that you contend concerned	
9 10 11 12 13	Q. Okay. A. – in our mind, not in the Stonehill's mind. Q. Okay. Can you go – can we go to page 9, Request for Admission Number 8? A. Yes. Q. Number 8 we asked you to "admit that no document was created prior to the	6 7 8 9 10 11 12 13	that you created that show zero value for the Promissory Notes at issue? A. Yes, partly. Q. Okay. What other documents were created prior to the commencement of the adversary proceeding that you contend concerned the existence of the agreement?	
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9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. A. – in our mind, not in the Stonehill's mind. Q. Okay. Can you go – can we go to page 9, Request for Admission Number 8? A. Yes. Q. Number 8 we asked you to "admit that no document was created prior to the commencement of the adversary proceeding concerning the existence of the agreement." Have I read that right – A. I'm just reading what's on page 9, admit that prior to the agreement he never disclosed any other creditor. Q. No, no, no. I'm sorry. We're on Number 8.	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	that you created that show zero value for the Promissory Notes at issue? A. Yes, partly. Q. Okay. What other documents were created prior to the commencement of the adversary proceeding that you contend concerned the existence of the agreement? A. I'm trying to think if the LPA does. Q. Okay. Anything else? A. No. That would be – that would be it. Q. Okay. Request for Admission Number 9, can you identify the creditor that caused you to deny the Request for Admission Number 9? A. I believe all the creditors via the	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documerixhiibit213 FPrage 1/5 9/262 Page 70 of 200 PageID 35531

	Page 170	_	Page 171
1	JAMES DONDERO	1	JAMES DONDERO
2	Q. But you just testified a few minutes	2	A. Sure.
3	ago, I thought, that you didn't specifically	3	Q. I'm going to remind you that when I
4	tell Mr. Waterhouse of the terms of the	4	use the word "agreements," I'm referring
5	agreements to him, right? Did I miss	5	specifically to the agreements that were set
6	A. That's right. I mean, not the	6	forth in paragraph 82 of your answer.
7	specific terms, correct.	7	Do you understand that?
8	Q. Okay. So is there any creditor to	8	A. Yes. And so I guess my answer is
9	whom you – is there any creditor of Highland's	9	generally but not specifically.
10	to whom you disclosed the existence of the	10	Q. Okay. And when you say "generally,"
11	agreements that you entered into with the	11	you don't mean that you disclosed the existence
12	Dugaboy trustee prior to the commencement of	12	,
13	the adversary proceeding?	13	What you mean is that you told all of the
14	MS. DEITSCH-PEREZ: Asked and	14	creditors that you believed that the notes
15	answered.	15	should be forgiven as part of compensation.
16	THE WITNESS: Yeah. I mean,	16	Do I have that right?
17	generally, all the creditors via the	17	A. Well, that they would be forgiven as
18	settlement. And then we have lots of	18	part of compensation.
19	one-off conversations with Clubock	19	Q. Okay. Subject to that correction,
20	representing UBS where the notes were	20	are we on the same page now?
21	described as going to be forgiven	21	A. Yes.
22	compensation, never part of the estate.	22	Q. Okay. Can we go to page 12,
23	BY MR. MORRIS:	23	Interrogatory Number 2?
24	Q. All right. I don't – I don't want	24	A. This is still in Section 24?
25	to wrestle with you.	25	Q. Yes, sir.
	Page 172	4	Page 173
1	JAMES DONDERO	1	JAMES DONDERO
2	MS. DEITSCH-PEREZ: Object to the	2	(Whereupon, Exhibit 27, Defendant
3	form.	3	NexPoint Advisors, L.P.'s Objections and
4	THE WITNESS: 24, I'm sorry.	4	Responses to Plaintiff's Requests for
5	Page 2? BY MR. MORRIS:	5	Admission, Interrogatories, and Requests
6		6	for Production, marked for identification,
7	Q. Page 12.	-	as of this date.)
8	A. Page 12. Yes. Which one?	8	BY MR. MORRIS:
9	Q. Number 2.	9	Q. Let's go to Exhibit Number 27.
10	A. All right.	10	A. Yes.
11	Q. You didn't identify any email	11	Q. And if we can go to page 7.
12	correspondence in response to Interrogatory	12	MR. MORRIS: I think — I don't know
13	Number 2; is that correct?	13	who's shuffling paper.
14	A. I don't have my e-mails. So we have	14	BY MR. MORRIS:
15	painfully little from the Highland estate.	15	Q. But if we're at page 7, we're
1 16		16	looking at Interrogatory Number 3.
16	Q. Okay.		
17	A. I think at the time we responded, we	17	Is the reason for the denial – and
ı	A. I think at the time we responded, we thought we might get access to things; but we	17 18	I apologize. I may be going too quickly
17	A. I think at the time we responded, we thought we might get access to things; but we haven't been able to come up with anything. We	17 18 19	I apologize. I may be going too quickly because I know we're all anxious to finish, but
17 18 19 20	A. I think at the time we responded, we thought we might get access to things; but we haven't been able to come up with anything. We have – we have no access to anything.	17 18	I apologize. I may be going too quickly because I know we're all anxious to finish, but I do want to represent to you that we're
17 18 19	A. I think at the time we responded, we thought we might get access to things; but we haven't been able to come up with anything. We have — we have no access to anything. Q. Okay. So as you sit here today, you	17 18 19	I apologize. I may be going too quickly because I know we're all anxious to finish, but
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1	JAMES DONDERO	Page 174	1	JAMES DONDERO	Page 175
2	at –		2	Q. Okay. Is there any other reason	
3	A. Yes.		3	that you denied Request for Admissions Number 7	
4	Q. – Request for Admission Number 3,		4	and 8?	
5	is your answer the same on behalf of NexPoint		5	A. Not that I can think of at this	
ı				point in time.	
1	Advisors as it was for yourself as to why you		6	•	
ı	denied Request for Admission Number 3?		7	I don't think the LPA applies much	
8	A. Yes.		8	here, but I may be	
9	Q. Okay. If we can go to Request for		9	MR. MORRIS: All right. I have no	
10	Admission Number 6, that is the same Request		10	further questions.	
11	for Admission that we talked about with respect		11	THE WITNESS: Wonderful. Thank you.	
12	to yourself in your individual capacity a		12	Have a good evening.	
13	moment ago.		13	MR. MORRIS: Thank you. Take care.	
14	Is your reason for denying Request		14	MS. DEITSCH-PEREZ: Thank you.	
15	for Admission Number 6 the same reason that you		15	MR. MORRIS: Bye now.	
16	gave for yourself?		16	THE VIDEOGRAPHER: All right. If	
17	A. Yes.		17	there are no further questions, this	
18	Q. And looking at Request for		18	concludes today's deposition. Volume II	
19	Admissions Number 7 and 8, is the reason that		19	[sic] consists of three media. We are off	
20	you denied those Requests for Admissions		20	the record at 5:21 p.m.	
21	because you told Seery and the committee and		21	THE COURT REPORTER: Everybody is	
22	Clubock that you wouldn't pay anything for the		22	leaving, and I wanted to get everybody's	
l			23	order on the record.	
23	notes because they were supposed to be forgiven				
24	as part of your compensation?		24	MS. DEITSCH-PEREZ: I'd like the	
25	A. And the independent board, yes.		25	rough. And then the regular can be	
1	JAMES DONDERO	Page 176	1	CERTIFICATE	Page 177
2	whenever you get the regular done. No		2		
	special rush.		3		
4	THE COURT REPORTER: Okay. Thank		4	I, SUZANNE J. STOTZ, a Certified	
I	you.		5	Shorthand Reporter, Registered Professional	
6	MS. DEITSCH-PEREZ: You're welcome.		6	Reporter, Certified Realtime Reporter, and	
7	THE COURT REPORTER: Ms. Canty, I		7	Notary Public in and for the State of Texas, do	
Ι΄.	think there's a standing order for a daily			hereby certify that the foregoing is a true and	
	delivery – or an immediate delivery for		9	accurate transcript of the stenographic	
ı	•		10	above-captioned matter.	
10	•		11	asoro capitonea matter.	
11	MS. CANTY: Yes.				
12	THE COURT REPORTER: Okay. I just		12		
13	wanted to confirm that. I'll get that out		13	OLIZANNE I OTOTZ COD DOS COS	
14	tonight, then.		14	SUZANNE J. STOTZ, CSR, RPR, CRR	
15	MS. CANTY: Okay, thank you.		15	Texas Certification No. 11942	
16	(The witness is excused.)		16		
17	(Deposition of James Dondero		17		
18	concluded at 5:21 p.m. CDT.)		18	DATED: November 4, 2021	
19			19		
20			20		
1			21	NOTE: THE CERTIFICATE APPENDED TO THIS	
21			22	TRANSCRIPT DOES NOT APPLY TO ANY REPRODUCTION	
21					
22			23	OF THE SAME BY ANY MEANS, UNLESS UNDER THE	
22 23			23 24		
22				OF THE SAME BY ANY MEANS, UNLESS UNDER THE DIRECT CONTROL AND/OR DIRECTION OF THE CERTIFYING COURT REPORTER.	

Case 21-03004-sgj Doc 111-13 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Documerixhiibit213 FPrage 1/109/262 Page 72 of 200 PageID 35533

1	ERRATA SHEET	Page 178	
2	, , , ,		
3	3 transcript and believe it to be true and		
4	correct to the best of my knowledge and belief		
5	with the following changes:		
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21	1 Sworn and subscribed to before me this		
22	2 day of , 2021.		
23	3		
	4 Notary Public of the		
	5 State of		
25	State of		

Index: \$1.55-million..acting

\$	15 151:17 164:8 15-C 130:11 131:3	2021 9:10 136:7,20 139:3 142:17 143:8	3:54 115:12 3rd 111:20	75 35:3
\$1.55-million 64:22	137:3	157:9 158:6 159:10, 24 161:23 162:15		8
\$12.3 140:13 141:6,	17 20:20 18 20:8 26:13 71:16 73:15	21 141:15 22 143:6	4 4 9:10 165:11	8 165:7 166:8 168:11, 13,22,23,24 174:19 175:4
\$2 62:6 \$2.4 91:11,13,23 92:6,11,14 93:12 103:17 104:2 107:23 109:2,25 110:13,23	19 20:8 1939 104:7 1:17 9:11	23 130:18,23 133:18, 23 136:11 24 163:9,13,23,24 171:24 172:4 252 124:3	4.4M 118:5 40 12:6,24 47 104:9 4:38 149:24	82 13:3,12,17 14:3 39:16 47:10,20 48:8 81:25 82:10,11,17 83:18 171:6
\$2.4-million 91:19	2	27 173:2,9	4:45 149:22 150:5	9
\$23 138:13 \$23.7 137:10,22 \$250,000 58:20	2 52:24 94:19 97:15 108:25 132:9 135:15, 18 136:13 143:7 171:23 172:5,9,13	2:43 66:15 2:44 67:5	5 103:5	9 25:9 168:11,18 169:19,21 90-day 47:22
\$5 101:22 102:17 111:17,21,24 112:4, 10 117:9 119:23	2,500,024 60:10 2.4 104:14 110:20	3	50 59:17,19 82:8 50,000 57:20	A
\$5-million 116:16 120:10 \$500,000 62:5 \$6 99:6,16,22 \$6,068,851 98:18	2.5 61:5 20 57:16 58:2 200,000 64:22 2016 57:13,21 58:18	3 117:5 119:23 123:24 143:7 150:3 165:10 166:2,8 173:16 174:4,7 30 8:18 12:6,22 22:3,	51 82:7 53 93:18 94:23 95:3 97:12 136:2 54 107:10,12 136:2 56 116:20,22	ability 27:16 43:6 45:10 47:5 acceleration 157:17,18 accepted 8:25
\$7.4 90:17 125:4 129:5 140:22 141:7 \$7.44 102:7 \$7.5 119:10,14,16	59:3 2017 20:8,21 60:2,9 62:6 63:17 73:14 137:17 2018 20:21 23:4	4,5 137:9 140:14 154:7 30(b)(6) 14:23 15:7 17:4 18:18,21 68:24 76:24 143:24 144:7 300,000 64:23	57 118:24 119:3 59 130:15,17 5:03 163:4 5:06 163:7	160:23 access 172:18,20 accommodated 66:23 accord 89:18
\$7.8 103:5	122:24 123:9,16 129:4 2019 23:5 25:3 90:16, 25 91:13,24 97:15	31 10:16 82:10 122:24 123:9,15 129:4 137:17	5:21 175:20 176:18 5:37 149:17	account 47:2 100:18 102:7 accountants 134:5
000025 130:19 000031 130:19 	99:22 102:7 108:10, 25 110:3,25 111:20, 25 112:5,10,18 113:3 114:9 116:15 117:5 119:9,24 120:11 123:24 124:25	34 22:5 123:4,6 35 22:6 36 22:6 375 102:10	5:38 149:20 6 6 174:10,15	accounted 110:22 accounting 37:24 107:19,22 108:2,12 110:8 111:13 117:5,
1 9:3 94:3 141:19	128:14 140:24 2020 25:3,9 109:21	39 104:8 124:23 3:21 94:6	65,772 63:12 68 55:21 56:2,9	9,17 125:23 128:4,5 134:2 accurately 27:24
100 96:24 12 171:22 172:7,8 173:24 13 26:14	130:9,18,23 133:19, 23 136:11 137:3,8,9 138:20 139:13,23 140:14 141:22 142:6 151:9 152:25 153:5,	3:22 94:21 3:28 66:7 3:40 66:8	7 7 7 173:11,15 174:19	acting 40:22 59:10 65:20 73:5 105:7 134:16 138:6 141:10 142:4 144:15 149:7
14 26:14 151:17	19 154:7,13,15,22 155:6,20 156:6,13,25	3:53 115:9	175:3 70 58:3	150:18 159:8,20 161:3,10 162:12

Index: action..back

action 9:17 38:25 **afternoon** 8:2 67:6 170:5,11 171:4,5 apologize 33:8 **audio** 116:3 48:25 54:23 69:17 actions 142:24 ahead 101:13 155:16 aggregate 21:21,23 audit 122:11,20 102:3 127:3 144:24 24:15 27:4 51:24 123:23 124:19 125:7, activities 106:2 Aigen 77:5 95:25 173:18 71:15 90:16 102:13 13.17.18.22 126:3.12 125:3 140:22 actual 37:24 51:11 **Alan** 12:7,9 apparently 67:17 127:5,10,15 128:6,23 73:16 95:12 129:10 agree 39:19 41:22 allocate 61:10 43:13 46:3 71:8 83:8 **audited** 120:15 addition 157:15 appearances 9:20 allocated 61:18,21, 103:3 115:4,7 122:7,23 124:13 additional 101:9 25 62:8 appeared 9:17 128:10,14 129:3 agreed 160:17 103:16 138:23 allowed 162:5 **appears** 136:21 auditors 124:17,20 agreement 19:20 address 141:15 126:3 altered 43:23 44:14, **applied** 119:17 20:19,24 21:8,12,16, **adjust** 47:5 75:7 22 25 22:7,11,18 23:2,8, audits 126:22 **applies** 175:7 138:16 12,17,22 24:7,12,17 amended 13:5 136:4 authority 71:2 72:19, approval 71:4,11,23 25:2,13,18,21,25 adjusted 84:4 142:16 26:5 27:5,11,17 28:7, **approve** 134:17 admissible 8:16 amortization 156:10 **authorize** 91:19.22 22 29:18.25 30:8.14. approving 92:9 23 31:4,9,24 32:7,11, 112:3 Admission 163:15 amount 15:16 21:4, 134:23 22 33:11,24 34:17,22 166:2 168:11 169:18, 15,19,22,24 24:6,16 authorized 93:3.10 35:14,17 36:8,22 20 173:5 174:4,7,10, 30:7 31:13 57:17 approximately 9:11 37:4 39:7 40:10 11,15 58:19 61:4 62:2 24:23 99:5,7,16,22, authorizing 111:23 43:13 44:12,21,24 75:12,13 90:17 99:12 23 101:21 102:6 availability 62:12 Admissions 174:19, 45:17 47:19 48:5 103:9,11,20 104:2 103:4,17 137:10 20 175:3 69:21 71:20 77:24 108:25 125:3 126:20 140:13 award 57:2.14.20 78:3 79:9 81:25 admit 165:11 166:4 137:15 140:23 59:3 63:16 **April** 90:25 82:22 84:16 85:22 168:13,19,24 151:17 160:22 awards 63:19,20 86:11,13,20 99:25 **arrives** 68:20 adversary 165:14 **amounts** 56:19 134:13 135:12 **aware** 12:7,15,18,19 166:5,15 168:15 92:23 100:21 112:12 Arvold 8:3 144:18 152:3 153:7 29:8,17 34:21 35:14, 169:2.12 170:13 135:20 152:2 158:19 165:13 166:6,13,25 **Asia** 163:8 17 39:5 52:19 70:5 167:3,8,11 168:16,19 analysis 73:23 100:6 advice 11:25 80:16 90:14 92:21,24 aspect 82:21,23 169:3.13 171:12 93:3,11,15 99:20 analysts 135:7,9 advise 138:3 172:23 100:5 105:23,24 aspects 126:16 advisor 103:17 analyze 73:6,8 108:10 109:19 110:7 agreements 13:18, asset 167:15 104:22 142:7 116:15 117:16,23 22 14:2,8 19:16,21, Anchorage 71:21 119:8 121:21,25 assets 42:12 73:10 25 20:6,8,10 29:2,6, advisor's 104:23 83:5 122:9,21 125:15 89:2 121:4,12 11 30:22 31:2 40:6, annoyed 158:18 126:10 128:9,13 **advisors** 58:5,12 17,20 41:2,9,13,20, association 8:4 135:2 137:7,13 139:4 109:3 129:17,22,25 24 42:12,13,16,24 annual 55:2,16 141:21 142:15 145:5 130:9 131:2 133:5, **assume** 60:19 46:13 47:8.11 48:4. 56:13,15 126:12 148:11,16,18 153:10, 15,17 134:17,21,23 122:12,14 128:16,20 16 49:4,13,18 50:10, 129:17,24 130:10 12 154:5,20 156:6,24 136:12 137:2 142:5, 19 51:7 53:12,19 136:6 attached 98:9 157:12,13,15,18,19 21 154:6 173:3.22 54:3.7 69:11 72:8 161:14,25 162:17 174:6 answer's 91:25 attaches 108:16 73:5,23 74:7,13,20 140:3 75:2,18,25 76:12,16 awareness 108:13 advisors' 133:22 attachment 108:21 77:11,19 79:17,23 118:18 122:13 answering 106:14 affiliate 152:4 155:21 attended 158:17 81:3,16 82:18,24 128:19 136:22 answers 86:20 83:23 84:9,19 85:11 137:19 157:8 affiliated 58:4 attention 62:15 63:4 138:17 105:23 127:11 146:23 151:9 133:25 134:15 anticipated 47:5 В affiliates 110:10 attorney 11:5,6 12:4 137:23 138:4.9 137:10 154:21 155:5 **anxious** 173:19 139:24 144:18 145:8 134:9 **back** 17:19 18:12 146:2,13,18 148:13 afield 38:16 anymore 24:21

106:14 152:14

149:9 152:8 169:23

attorneys 89:23,25

90:3,8 134:14 161:2

49:23 51:9 66:7,14

Index: back-and-forth..compensation

81:11 82:3 94:21 96:5,9 97:5,8 115:11 127:10 133:6 149:21 150:4 154:3 163:6 166:23

back-and-forth 153:21

background 128:2

balance 72:15 121:5, 19,22 122:4

bankruptcy 9:7 25:17 73:2 90:2 121:7,10 139:3 144:16 145:3,6 146:2,12,17 147:11, 14,18 150:11,15

base 60:9,19,25 61:10,13 88:20

based 51:11 61:25 84:5 98:16

basis 55:17 56:15 61:20 139:20

Bates 56:4 59:21 66:22 67:3,7 95:4 107:13 116:23 119:4 123:9 124:5 130:18

bed 93:4

begin 93:23

beginning 66:19 94:19 150:3

behalf 40:10,22 41:13 59:6,10 65:21 73:6 105:8 110:9 133:5 134:16,23 138:3,7 141:5,10,21 142:5 144:15 149:8 150:18 155:21 156:14 159:8,21 161:3,10 162:13 174:5

belabor 90:20

belief 133:24

believed 75:2 147:16 171:14

believing 114:11

benefit 98:6

benefits 54:11 55:3, 15 56:3,13,18 59:20, 25

binder 163:21

bit 131:8 139:7

board 71:14 105:20, 21,22 106:4,19 107:2,5 129:20 130:2,5,10 134:22 136:12 137:8,21 138:3,8 139:10,11, 13,22 140:12 141:5, 22 142:6 147:5,17,22 174:25

boards 131:2 138:13 141:11

bona 42:3,4

book 131:11

booked 93:13 110:4, 13,17 116:17 120:10

booking 110:19

books 93:14

borrower 81:2

borrowers 80:12 81:14

bottom 107:18

bought 83:7

boy 118:8

break 16:8,18 64:3,5 66:5,13 93:20 94:11 96:11,13,21 149:14, 25 150:8 163:5

Brian 54:22 60:23

bring 88:24

broad 28:5 65:5

broadly 152:10

buckets 52:5 53:9, 15.22 60:14

bucks 27:9 151:18

bunch 126:22

business 51:9 54:10 55:14 67:9

Bye 175:15

C

calculated 140:19 160:22

calculation 100:21

calendar 154:12

call 43:7 96:2,24 100:20 161:16,19

called 41:11 54:11 112:9 158:17

Canty 10:17 13:13 55:22 59:18 82:7,11 85:20 94:24 98:10 107:11 108:22 116:21 119:2 123:5, 20 124:6,10 130:16 131:25 132:4,6,12 133:9 135:16 142:13 163:12 165:8 176:7, 11.15

capability 67:7

capacity 15:25 16:15 17:16 18:18 68:23,24 76:24 87:8,9 91:4 120:24 143:24,25 144:12 174:12

Capital 9:6 39:24 62:15 87:15 88:7,9 89:9 109:3 123:7

captured 83:2,13

care 175:13

carefully 50:7

carried 121:4,12,18, 22 122:3

case 8:20 12:8,17 162:8

cash 53:3 62:11 84:24 118:10

caused 41:17 70:12 169:20

caveats 144:4

CDT 176:18

cell 161:17

cement 167:15

Central 149:22

certificate 90:23

certified 8:3

certify 91:4

cetera 126:19 127:11

CFO 111:7

change 46:4,13 96:23

changed 92:23 136:9

changing 45:5

characteristics 43:24

characterizations 148:7

chart 31:16,18 98:8, 12.17 100:16

chat 132:13

check 160:14 162:21

Christian 108:7

circumstances 89:15 113:11

Civil 8:19

claim 101:14 102:16, 21.23

claims 141:23 142:7

clarification 84:12, 21,23 85:2 140:8

clarified 84:5

clarity 37:2 144:4

Class 39:9,19 40:8 41:4.18 43:20

cleanly 155:14

clear 15:10 36:18 51:3 103:23 140:2 144:8

Clemente 147:6 148:3 149:8

close 67:9 117:10,14 166:7

closer 47:24

Clubock 169:24 170:19 174:22

co-loan 108:4

code 51:22 53:2

colleague 77:5

colleagues 17:19

collect 90:15 142:24

collectively 143:20

Collins 54:17,22,23, 25 55:14 56:14 60:23

column 98:23 101:20.24 102:2.4

combination 61:6

commenced 14:10 109:17 120:7,12 121:11,13,16 142:25 143:5

commencement

29:9 110:15 149:6 165:14 166:5,14 167:8 168:15,25 169:11 170:12

comment 45:8 46:9

comments 26:25

committee 148:3,4 174:21

communicate

communications 11:15 161:7

companies 63:3,9 70:14,21 71:3,13 72:10,20 74:2 75:4, 17 82:16 84:22 88:21,22 151:13

company 49:23 71:18

compared 74:6 75:17

compensation 42:3 46:19 49:20 50:12 51:11,22,23 53:3,7, 11,18 54:2,11 55:3, 15 56:3,13,17,19 57:13,20 59:20 65:8, 14,23 146:25 147:8

Index: Complaint..December

148:10 166:18,19 167:14 170:22 171:15,18 174:24

Complaint 13:6 142:16

complete 122:16,20

completeness 126:18

compliance 133:14, 18

complied 100:3

complies 10:2,17 13:13 55:22 59:18 85:20 98:10 107:11 108:22 116:21 119:2 123:5,20 124:6,10 130:16 131:25 132:4, 6 133:9 135:16 142:13 163:12 165:8

comport 102:5 137:15

computer 94:25

concept 88:25

concerned 169:12

concerns 35:18

concluded 10:25 176:18

concludes 175:18

conclusion 12:4

condition 42:7,8 73:17

conditions 13:20 43:8 44:5,13,22 45:10,19,23 47:6 69:12,23 70:2,6,11 72:7 73:7 75:23 82:19

conducted 124:20

conference 96:7

confidence 100:3

confirm 160:8 161:2, 11 176:13

confirmation 142:20 143:2,6,11 144:14 145:7 150:9,17 151:3

162:11

confirmed 142:16 160:16

connection 12:17 63:17 99:16 101:15 126:12 129:24 130:10 167:24

consent 112:9,17, 20,22 113:3,6,13,21 114:9,12

consistent 19:23 99:3

consistently 38:8

consists 175:19

Consolidated 123:7

constitute 160:19

consuming 13:19

contact 115:2

contacted 41:7

contained 127:5

contend 69:8,10,20 169:12

content 11:21

contentious 85:7,8

context 119:12,13 138:18 147:13 167:23 168:3

continuation 10:21

continue 19:12

contracts 129:17,21

contributions 88:2

control 25:11 42:17, 25 43:5,14 78:11,20 83:8,11 144:12 151:14 156:15 157:6

controlled 35:3,4 155:22

conversation 83:3 151:11 152:25 160:12 161:22

conversations

81:12 85:10 105:21 106:5 110:18 144:22, 23 152:12 162:6,10 167:18 170:19

coordinates 126:15

copies 76:14 77:9 154:4

copy 64:8 77:17 108:16 131:11

Cornerstone 70:22 72:2 74:19 75:7 83:9 167:2

corporate 107:19,22 108:2,12 110:7 117:4.9.17

correct 18:9,10 19:2, 3,15 23:14 27:19 29:2,3,6,7,11,12 32:14 33:20,21 39:25 40:13,17,20,23 41:5, 9,14,20 42:18 43:2 44:14 45:19 55:4 56:20 57:5,6 69:23 70:3,23 71:4 73:17, 19 76:12,16 77:11 99:18 109:18 111:9 117:20 127:18 129:18,22 130:2,6 139:19,25 166:9,10 170:7 172:13,24

correction 54:24 171:19

correspondence 95:4 107:13 116:23 172:12,22

cost 70:14 73:19 74:2 76:7 83:9.13

costs 74:6,15,18 75:4,9,18

counsel 9:12 12:22 17:25 66:16 93:19 117:19 133:22 134:8, 10 137:2 161:7

counsel's 11:25

counterproposal 84:20

couple 17:20 58:22, 24 71:21 89:23 96:3 134:5.6

court 9:7,22,24 18:10

25:18 94:17 142:15 144:17 145:3,7 146:2,12,17 147:11, 15,18 148:10 149:12 150:11,15 160:12 175:21 176:4,7,12

courtroom 8:17

covered 14:8 28:13 129:14

covers 14:14 83:22

COVID-19 8:6

create 45:10

created 29:9 35:10 110:8 168:14,25 169:7,11

creating 72:13 118:21

credit 127:11 153:25

credited 118:16

creditor 168:20 169:19,25 170:8,9 171:12

creditors 147:21 148:2 169:22 170:17 171:14

critical 93:3

cure 155:6,7 156:19 158:20 159:10 160:9, 19,22 161:5,24 162:4,16

cured 154:18,25 155:2,25 156:11 158:25 161:12

current 154:17,24 155:24 156:9 158:21

D

D-CNL000212 123:10

D-CNL000257 123:10

D-CNL003585 56:4

D-CNL003587 59:21

D-CNL003763

116:23

D-CNL003764 119:4

D-CNL003765 119:5

D-CNL003768 95:4

D-CNL003770 95:5

D-CNL003777 107:13

D-CNL003779 107:14

daily 110:8 176:8

date 15:17 22:9 24:10 25:5,12,22 26:6 27:7, 13 31:12 49:12 56:6 59:23 70:25 72:18 95:6 107:15 116:25 119:6 123:12 124:20 125:2 130:20 135:13 138:19 163:18 173:7

dated 97:15 108:25 119:23 123:9 130:18, 22

David 97:20

day 12:8 13:8 66:22 67:2,19 76:22 77:6 90:20 107:17 111:20 127:24 164:13

DC 134:8

DC's 134:8

de 51:24,25 158:19, 23

Debbie 10:11

Deborah 14:17 19:6 63:24 66:5 95:11

debtor 42:12 160:17 161:4

debtor's 41:24 42:5, 17 43:2 142:16

December 20:21 23:4 25:2 47:8,12 48:9,17 49:5 109:21 122:24 123:9,15 129:4 151:9 152:25 153:5,19 154:15,22, 25 155:6,20 156:6, 13,20,23,25

Index: decides..Dugaboy

			111402	. acciacsbugabe
decides 129:21	101:5 103:7 106:24	detail 31:22 32:20	85:3	15,21 116:1,2 117:1
decision 17:18 61:9	111:10 113:7,16,24	125:21 164:24	disruptive 92:19,20	118:1 119:1 120:1
113:14	114:22,25 115:7	details 21:13 26:16		121:1 122:1 123:1
	116:5 117:21 125:8	85:5 99:19 143:15	distancing 8:8	124:1 125:1 126:1
declaration 159:4	127:22 129:7 131:10, 13 134:24 136:14	determine 73:24	District 9:8	127:1 128:1 129:1 130:1 131:1,6,18
declared 157:13	137:11 141:24 142:8	110:22	doc- 29:17	132:1 133:1 134:1
declaring 157:16	143:12 144:9 145:10,			135:1 136:1,25 137:1
	19 150:22 152:5	determiner 106:16	document 10:15	138:1 139:1 140:1
decreased 52:20	155:8 157:2 158:8	devote 62:14	13:3 19:13 29:8	141:1 142:1 143:1
deemed 8:25 161:5,	160:3 161:6 164:2,12	devoted 63:4	32:17 54:11 56:8	144:1 145:1 146:1
12 162:16	165:16,22 170:14	devoted 65.4	57:9,14 59:12 63:13 66:6,18,21 93:23	147:1 148:1 149:1
deeply 166:21	172:2 175:14,24	difference 67:11	97:11 109:11 124:4	150:1,4,8 151:1
' '	176:6	116:6	131:7,11,21 132:11	152:1 153:1 154:1
default 157:10,14,16,	delivered 139:22	differentiated 61:3	164:5 168:14,25	155:1 156:1 157:1 158:1 159:1 160:1
19 158:5,15 159:4 161:13	147:14	diminishing 61:14	documented 87:6	161:1 162:1 163:1,20
	delivery 176:9		88:3 147:7	164:1 165:1 166:1
Defendant 163:13		direct 11:10,22 65:20		167:1 168:1 169:1
173:2	demand 14:17 28:20 45:14,18 109:20	105:3 151:4,8 155:19	documents 53:24	170:1 171:1 172:1
defendants 143:20	156:3,7,8 157:24	directly 88:22 96:6	54:6 127:11 147:10, 14 163:22 169:10	173:1 174:1 175:1
144:16 145:6 150:10,		147:6,21 148:2		176:1,17
18	demanded 45:23	151:13 156:15 157:6	dollars 52:9,17	Dondero's 18:17
defendants' 162:13	denial 173:17	directors 25:21	Dondero 8:1 9:1,5	96:8 114:21 163:10,
deferral 42:4	denied 166:9 174:7,	disclose 56:22 57:7	10:1,20 11:1 12:1	14
	20 175:3	60:4,8 161:7 166:12	13:1,4 14:1 15:1 16:1	drafted 46:24
deferred 57:13			17:1 18:1 19:1,12,25	drafting 125:16,18
defined 166:13	deny 169:5,20	disclosed 59:10	20:1 21:1 22:1 23:1 24:1 25:1 26:1 27:1,3	
definition 36:23	denying 167:6	79:22 122:22 128:13 144:16 145:6 150:19	28:1 29:1 30:1 31:1	dual 60:24
	174:14	165:12 166:6 168:20	32:1 33:1 34:1 35:1	due 8:6 42:2 79:24
degree 28:12	dependents 134:12	170:10 171:11	36:1 37:1 38:1 39:1,	80:3,17 102:18
degrees 75:5,6	depending 128:6	disclosure 71:22	18 40:1 41:1 42:1	103:10,12 118:17
DEITSCH-PEREZ		139:7 145:3	43:1 44:1 45:1 46:1	135:20 151:12 152:2
10:7,12 11:9,16	depends 114:3		47:1 48:1 49:1 50:1	Dugaboy 13:18
14:19,22 15:2,6,19	deposed 12:20	disclosures 138:22	51:1 52:1 53:1 54:1 55:1 56:1,3 57:1 58:1	19:17,19,22 20:2,11,
16:6,19,24 17:7,10,	deposition 8:10 9:5,	discovery 163:11	59:1,20 60:1 61:1	19,25 21:2,8,12,17
23 18:11,15 19:3,18	9 10:21 11:2,7 12:5	173:21	62:1 63:1 64:1,17	22:2,11,19 23:3,8,13,
20:12 22:20 26:9,22	13:25 16:5,7 18:17,	discretion 113:23	65:1 66:1,18 67:1,21	17,22 24:8,13,18 25:2,14 26:2,7 27:6,
27:20 28:10 34:5,24	21 26:15,21,23 31:20		68:1,22 69:1 70:1	12,18 28:8 29:19,25
35:22 36:9 37:7 38:15,22,25 39:10	38:17 66:19 67:15	discuss 41:8	71:1 72:1 73:1 74:1	30:8,14,23 31:4,9,22,
42:19 43:3,16,25	76:21,22 78:21 94:20	discussed 57:18	75:1 76:1 77:1 78:1	25 32:2,4,7,8,12,14,
44:15,25 45:20 46:6,	109:6,9 120:15,22	167:2	79:1,6 80:1 81:1 82:1,15 83:1,18 84:1	19,22,23 33:2,12,14,
16 48:19 50:13 52:11	127:24 150:4 175:18 176:17	discusses 172:23	85:1 86:1 87:1 88:1	18,25 35:4,8 36:3,6,
53:20 59:13 60:11		discussing 119:12,	89:1 90:1 91:1 92:1	12 37:5,6,17,20 38:9,
62:9 64:2,11 65:15,	describe 15:12	14 153:23	93:1 94:1,20 95:1,8,	12 39:7 40:7,13,15, 23 41:3,12,17 42:16,
24 66:24 67:10,22,25	57:12 84:6 89:15,21		10,12 96:1 97:1,5	24 43:14 44:11,21
68:6,15 69:15 70:15	130:25	discussion 11:21	98:1 99:1 100:1	45:17 47:19 49:5,19
71:5 72:22 76:2,18 77:12,25 78:13,17,23	describes 13:17	49:17 78:19 83:4	101:1 102:1,3 103:1	50:11,18,20 51:6,7,
79:4,10 80:11 83:25	describing 31:5	84:5,11,21 85:2 108:8 115:10 167:23	104:1 105:1 106:1	17 52:2,8 53:10,13,
85:25 87:19 88:10	88:13 91:17		107:1 108:1 109:1 110:1 111:1 112:1	17,25 54:5 56:24
00.47 04.0 04:0 00 5	Ì	discussions 50:9	110.1 111.1 114.1	57.5 8 13 58.17 60.6

description 73:9,10

89:17 91:6 94:9 96:5,

20 97:4 98:19 100:10

77:21 79:6,15,21

113:1 114:1 115:1,

57:5,8,13 58:17 60:6,

9 64:18 65:6 73:11

Index: duly..form

75:15,21,24 76:11,15 77:8,17,22 78:5 79:7, 15,21 80:22,25 81:4, 5,6,12 82:24 84:10, 14,20 137:24 138:10 139:25 144:18 145:9 146:3,13,19 148:14 149:9 167:11 170:12

duly 10:5

Dustin 153:9

Ε

e-mail 19:9 63:24 64:8 68:2,4,9,12,18 95:3 97:14,19 107:12,18 108:11,16 116:22 117:4 160:15 172:22

e-mails 172:14

earlier 12:16 27:16 51:20 59:5 60:15,16 118:15 134:4 166:17

early 20:21 23:5 25:3 91:12,23 110:24 111:19,25 112:5,10 157:9

easiest 68:7

Eastern 66:8

easy 64:10

educated 118:8,12

educted 118:9

either/or 69:4

email 172:11

Emanuel 10:10

embedded 72:8 75:9

employee 56:20 88:20

employees 54:12 55:4,16 56:15 60:24, 25 125:16 135:7,9 151:20

employees' 88:14

empowered 160:6

encourage 112:23

end 20:20 49:9 66:22, 25 67:18 94:2 96:8 124:19 154:12

ending 122:24 129:4

ends 89:3

enter 19:17 20:2,7,18 23:2 24:25 31:24 32:6 41:13,19

entered 13:18 20:5, 11,25 21:16 22:17 25:13,21 26:6 27:5, 12,18 28:8 31:3,8 33:11,24 39:8 40:5,9, 16,20 41:2 42:13,15, 23 44:11 45:16 47:8, 18 49:4,12 50:20 53:13 73:21 74:7,12, 19,25 75:24 81:3 137:24 138:9 139:24 145:8 146:3,12,18 148:14 170:11

entering 32:11 43:12 46:13 51:6 53:12,19 54:2,6 73:4 75:18 76:12,16 77:10,18

entities 28:18 30:25 36:3,14 38:13 52:22 61:2,7,18,22 62:3,18, 19 79:25 80:17,20,23 81:17,18,23 88:12 89:3

entitled 14:23 124:13

entity 35:5 40:9 60:21 81:13 156:14 157:5

entry 50:19 85:11 125:13

equal 99:12 112:9

equity 63:8 71:17

error 99:17 100:9,19 101:15 102:8 104:18 105:5.9.13 106:23

Essentially 92:2

estate 86:25 89:10, 24 90:4,7 134:6,10 148:9 167:16 170:22 172:15

estimate 85:16

estimated 99:4

evening 175:12

events 122:24 124:14.17

everybody's 9:17 175:22

exact 85:15 100:4,5 112:12

examination 10:18 12:23 93:23

examined 10:5 12:16.19

exceeded 74:2 75:4

excused 176:16

executed 24:11 30:13

executive 126:17

exercise 42:25 43:5 113:23

exercised 43:14.19

exercising 42:17

exhibit 10:16 55:21 56:2,9 59:17,19 82:10 93:18 94:23 95:3 97:12 107:10,12 116:20,22 118:24 119:3 123:4,6 130:15,17 163:9,13 173:2.9

existed 122:19

existence 109:11 138:4 144:17 145:7 146:17 148:13 165:12 168:16 169:3, 13 170:10 171:11 172:23

existing 38:3

expectation 147:7

expenses 104:10

experience 104:21

experienced 90:3

expert 12:15,18 45:8 59:6.11 65:12.21

experts 89:24

explained 143:15

expressed 76:7

expressing 76:6

extent 11:19 104:6, 12 122:17 169:25

external 58:14

F

fact 41:17 75:7 82:5 99:15,21 111:20 119:8 153:11 162:20

facts 70:5

fair 12:11 13:21 14:4 42:10 51:23 57:4 70:7 74:11,24 75:12, 13 101:4 110:14 113:19 125:19 127:15 130:25 148:17

faith 100:3

fall 53:8,14,22

fallen 52:4

familiar 9:16 34:15 102:20 126:10

fastest 64:14

fault 33:8

February 47:13 48:10,18 49:6 142:17 143:7 155:3

Federal 8:18

fee 112:9,17,20,22,23 113:3,6,13,21 114:9, 12

feed 116:3

feel 167:19

fees 101:9 103:24 104:7,9

fide 42:3,4

figure 68:9

file 101:14

filed 142:20

filing 145:18 147:20

filings 145:22

final 136:19

Finally 89:17

finance 100:7

financial 32:23 33:3 120:16 122:7,23 123:8 126:7 128:10, 14 129:3

financials 31:21 32:19 122:16 123:16 124:13

find 46:19 64:13 173:24

fine 44:7 64:12 149:21

finish 66:9 116:10 149:19 150:7 156:22 173:19

firm 63:25 67:7 125:23 127:10 128:5 176:10

fiscal 124:19

five- 63:22

fixed 116:3

floor 96:9

focus 120:20 focused 120:24

follow 11:24 77:4

follow-up 28:5

force 71:17

forgive 31:25 39:20

forgiven 69:11,21,22 70:12 166:19 170:21 171:15,17 174:23

forgiveness 13:19 32:13 33:13 51:20 81:7,8 101:9 103:24

forgiving 167:13

form 27:21 28:11 34:25 36:10 37:8 42:20 43:4,17 44:2, 16 45:2,21 46:7,17

Index: formally..identify

48:20 56:12 59:14 60:12 62:10 65:16, 22,25 66:17 69:16 70:16 71:6 72:23 76:3,19 77:2,13 78:2, 9 79:11 84:2 86:2 87:20 88:11 91:7 98:20 100:11 101:6 103:8 111:11 113:8, 17,25 117:22 125:9 127:23 129:8 134:25 136:15 137:12 141:25 142:9 143:13 145:11,20 150:23 152:6 155:9 157:3 160:4 165:17 172:3

formally 147:3

format 56:16

Fort 92:4

forward 146:22

forwarding 97:19

foundation 121:20

fraction 24:19

Frank 90:16 92:12,14 108:11 126:8 151:11 158:17 159:12,14,19 160:5,22 162:14 165:13 166:7,14,21 167:7 169:25

Friday 10:22 11:2,8

Friday's 12:23

front 17:15 18:25 19:14 133:6 163:21

frozen 114:21.23

fulfillment 69:12,22

full 62:14

fully 103:21 104:3 160:6

function 111:13

functions 129:11 135:10

fund 72:5 97:25 98:5, 17,24 99:5,11,15,21 100:2,8,17 103:21 104:3 109:3

funded 103:4

funding 100:23 102:18

funds 83:10 129:18, 20 134:2,18 135:11

future 135:21

G

GAF 97:22,24 100:18 102:6,18 103:21 104:4 105:12,22 106:3,21

gave 50:23 51:5 92:17 93:6 104:6,12 122:9 136:12 137:17 152:22 153:19 157:10,16 174:16

gears 85:17 129:16

general 50:17 128:3, 7 133:22 134:9 151:23

generally 14:5 28:16 53:8 56:21 83:22 92:15 110:5 111:13 112:2 119:20 120:19 142:18 143:16 144:20 148:10 151:15 170:17 171:9,

give 68:8,10,15 75:14 90:12 92:5 94:25 115:2 151:24 162:19

give-and-take 92:23

glad 16:12

good 8:2 94:16,17 149:13 155:24 175:12

grant 43:7

granted 44:4 63:16

gratuitous 26:25

greater 47:17

gross 21:18 57:17

group 54:15,18,21 107:19,22 108:2 110:8 117:5,18 125:25 126:6,8 166:21 **growth** 51:10

guess 31:7 40:4 42:6 48:23 55:11 80:4 118:12 143:16 144:20 157:13,19 171:8

Н

half 149:18

hand 9:25

handled 38:7

handles 126:9

hang 114:25

happened 44:8 48:12

Hayley 108:7

haywire 94:25

HCMFA 62:21 90:15, 24 91:5,14,23 92:20 93:2,13 97:22 99:10, 11,15,21 100:7,17 101:14,20 102:6,16 103:20 104:2,11,13, 16 105:8,11 106:3, 21.22 107:23 110:2. 22,24 111:8,21,24 112:4,8,17 113:2,6, 14 114:7.12 116:16 118:11 119:14,18 120:6,10,25 125:2 128:10.13.20 129:6 134:13 135:6,23 140:12,23 141:6,10, 21,22 143:19 144:7, 11

HCMFA's 93:14 121:19,22 122:4 128:23 129:3

HCMFAS 130:19

HCMLT 107:23

HCRE 14:10 62:21 81:22 85:23 86:3,5, 14,17 87:10 88:15 143:19 157:22

head 22:23 24:4,5 26:8 27:23 29:22 31:14 54:17,20 63:5

90:11

heading 124:9

hear 115:15,16

heard 157:19

hearing 143:2,6 145:17 146:16 158:16

held 9:9 35:8 41:3 72:10 73:12 111:7,8 115:10

helpful 89:13

helps 141:19

Hendrix 97:20 108:15 117:4,8,12

Hendrix's 108:15

hidden 104:20

High- 126:25

higher 74:9,10,15,22,

23 75:8 **Highland** 9:6 14:10 15:15 25:12 32:2 34:16 35:9,19 36:14, 17,22,24 37:18,21 38:10 39:24 40:10 41:14 46:20 51:13,25 52:12 54:10 57:25 60:20 61:5,13,16 62:6,15,21,22 63:7 70:13,18 71:16 72:25 79:18,25 80:4,17 85:24 86:8,15,18,24 87:2,5,9,15,17 88:2, 7,8,19,23 89:4,8,25 90:3,6,14 91:13,22 92:20 93:13,14 102:24 104:15,17 105:4,9,12,25 106:3, 4,22 109:2,19 110:2, 10,22,24 111:7,21,24 112:4 113:5 114:5,13 116:16 118:9,11,15 119:9.15.16.18 120:6,9,25 122:9

156:7,13 157:7,10, 13,21 158:6,15 159:9,12,15,16 166:3 172:15 **Highland's** 33:3 41:4 55:4,16 56:15

153:6 154:6 155:5,20

41:4 55:4,16 56:15 72:9,13,15,19 73:25 74:5,14 75:3,16,17 120:15 121:5 122:7, 22 126:12 154:21 170:9

Highland/nexpoint 61:6

hindsight 50:3

hit 19:10

hold 40:2 58:2 96:4

holder 83:5

holders 39:19 43:20 71:21

holidays 47:25 48:12

Honestly 56:25

hope 66:23 67:6 78:14 149:16 152:14

hour 68:5 149:18,19

housed 105:25

Human 54:14,18,20

hundred 60:20 126:23 127:9

ī

idea 61:20 62:4 102:25

identification 56:5 59:22 95:6 107:15 116:24 119:5 123:11 130:20 163:17 173:6

identified 30:22 80:8 81:22 90:23 108:12

identifies 29:10

identify 21:10,14 22:9 23:15,20 24:10 26:4 28:6 29:23 30:6 31:11 33:22 34:9 47:17 62:19 63:3

123:6 125:15,25

127:4,12 128:24

129:6 134:14 135:5,

140:14,24 141:23

11,23 137:9,18 139:2

142:7 151:12 152:2,3

118:17 154:10

interests 72:9,10,13,

19 73:25 74:5.14

interpretation 44:5

163:16 165:10 173:5

Interrogatories

Interrogatory

171:23 172:12

interrupt 144:25

interval 49:9

introduce 9:12

investment 98:2

involved 49:25 66:3

156:16,17 166:22

irrelevant 139:17

issue 70:22 77:18

92:3 93:4 169:8

issued 38:4 42:5

125:2 140:23

issues 141:16

items 104:13

J

92:8 129:10,12

iphone 68:13

investors 98:6

103:10

interrupting 145:11

Interruption 115:22

156:10

75:3.16

100:25

173:16

Index: II..lawsuit

77:22 79:7,16 80:2, 19 81:13.14 84:18 104:21 106:11 156:12 169:19 172:11,22 **II** 9:4 94:19 175:18 illiquid 72:14 84:24 illiquidity 75:13 **imagine** 141:14 immediately 14:18 160:23 imminent 73:14 **impact** 44:9 implied 75:9 impossible 42:9 improperly 122:18 inability 78:20 inaccurately 129:4 inappropriate 17:6, 12 include 84:15 124:17 139.6 included 84:9 108:11 153:24 166:20 **includes** 140:21 including 92:25 incorporate 86:19 increase 51:21 incumbency 90:23 91:4 incurred 28:17.20 independent 25:20 147:5,16,21 174:25 indirectly 147:4 151:13 156:15 157:6 individual 15:25 16:16 17:16 38:18

68:23 120:23 143:24

144:12 174:12

individuals 88:16

industry 46:20 51:12

53:4 ineffective 147:25 inform 25:17,20 105:3 138:12 151:4 162:13 information 15:8 49:19 50:11,18,23 51:5 56:23 60:5 75:15 123:9 127:5,13 129:25 131:3 informed 99:11 104:16 105:8,11 108:2 137:8,21 138:7 141:5 142:5 146:16 150:10 informing 141:22 infrastructure 135:4 **initial** 138:23 initiatives 51:10 63:7,10

input 87:3 **insist** 26:12 instruct 55:6 92:10 138:2 139:9,10 140:4 instructed 92:7 107:21 110:2,23 152:20 instructing 92:14 instruction 152:22 153:18 instructions 92:5.17 93:6 151:25 **insurance** 101:8,14, 18,22 102:16,20,23 103:4 112:13 integrity 126:19 intended 56:18 intent 46:15,18 intentionally 47:4 inter 108:3

interaction 126:9

interest 22:5 34:16.

23 35:2,5,9,18 36:8,

19 37:5 41:4 70:13

Jacob 8:3 **James** 8:1 9:1,5 10:1 11:1 12:1 13:1 14:1 15:1 16:1 17:1 18:1 19:1 20:1 21:1 22:1 23:1 24:1 25:1 26:1 27:1 28:1 29:1 30:1 31:1 32:1 33:1 34:1 35:1 36:1 37:1 38:1 39:1 40:1 41:1 42:1 43:1 44:1 45:1 46:1

47:1 48:1 49:1 50:1 51:1 52:1 53:1 54:1 55:1 56:1,2 57:1 58:1 59:1,19 60:1 61:1 62:1 63:1 64:1 65:1 66:1 67:1 68:1 69:1 70:1 71:1 72:1 73:1 74:1 75:1 76:1 77:1 78:1 79:1 80:1 81:1 82:1 83:1 84:1 85:1 86:1 87:1 88:1 89:1 90:1 91:1 92:1 93:1 94:1,20 95:1 96:1 97:1 98:1 99:1 100:1 101:1 102:1 103:1 104:1 105:1 106:1 107:1 108:1 109:1 110:1 111:1 112:1 113:1 114:1 115:1 116:1 117:1 118:1 119:1 120:1 121:1 122:1 123:1 124:1 125:1 126:1 127:1 128:1 129:1 130:1 131:1 132:1 133:1 134:1 135:1 136:1 137:1 138:1 139:1 140:1 141:1 142:1 143:1 144:1 145:1 146:1 147:1 148:1 149:1 150:1.4 151:1 152:1 153:1 154:1 155:1 156:1 157:1 158:1 159:1 160:1 161:1 162:1 163:1,14 164:1 165:1 166:1 167:1 168:1 169:1 170:1 171:1 172:1 173:1 174:1 175:1 176:1,17 **January** 25:9 48:18 49:6 143:6 155:2 156:19,22 157:12,14

158:6 159:10,24 161:23 162:15 **Jernigan** 148:12,20 150:19 151:4 162:4, Jim 118:5 149:8 job 77:4

John 17:8 26:9 38:15 66:25 67:11 68:18 76:20 80:12 82:7

96:10 114:22 132:13 164:13 Johnson 12:7,9 Johnson's 12:12.13 Jones 161:3 judge 106:15 148:12 150:19 151:4 162:4, June 123:24 137:9 140:14 Κ kind 52:20 81:9 139:17 141:13 167:15

Klos 97:20 107:18 Klos's 108:16 **knew** 40:19,22 45:9 49:22 74:9,13 79:24 80:21 81:17,18,19,23 166:23,24 167:7 **knowing** 136:18,20 139:21

knowledge 12:12.13 37:22 69:25 70:4,10 109:15 127:6 140:18

Kristin 97:20 108:7 122:17

L

L.P. 9:7 36:24 39:25 58:5,13 62:16 88:9 89:9 109:3 123:7

L.p.'s 173:3 ladies 96:6

large 71:21 72:14

largely 71:25

largest 83:5

lasted 85:10

late 120:3 130:8 164:12

lawsuit 29:14 35:21

Index: lawsuits..months

lawsuits 14:9 29:10, 16 30:3,10,16 33:20 34:2,21 39:5 142:24 143:5,10 150:12,20

lawyer 160:2

lawyers 134:6 161:10

leadership 87:5 88:2

learn 120:5,9 121:3, 9,11,17 122:2 158:14

learned 109:10,25 110:4

learning 159:3

leave 67:3 97:3 115:6

leaving 175:22

led 41:8 49:18 50:9 85:10

left 38:2 95:12

legal 8:4 45:5 133:14, 18.25 134:12

legally 146:21

let alone 26:19

letter 57:4 60:22 127:18,21 136:20,25 138:19 141:15

letters 57:2 128:23 129:13 136:19 138:22 139:5,6 157:21

liabilities 121:19,22 122:4

life 15:5

likelihood 73:6,8 75:22

Limited 34:17 36:22

liquidity 72:13

list 14:24 18:22 21:13 26:10,17 28:9,24 29:5 110:8

listed 134:2

listen 50:7 78:18 148:6

listing 15:14

litigation 31:11 107:6 109:14,16 110:6,16,19 120:7,12 121:8,10,13,16,25 122:3 149:7 167:9

litigations 38:19

loan 15:16 38:9 93:13 110:4,14,17 116:17 117:10,13,24 118:15, 21 120:5,11

loans 21:20 28:19 38:12 129:6 158:2

logs 49:16

Loigman 10:8,9

long 73:12 85:4,9,10 93:24 96:16 162:23 166:17

longer 78:21 85:13

looked 13:8 27:15 50:2 164:24

loose 47:4

loss 98:17 99:4,13 103:6

losses 99:17

lost 98:24 115:2

lot 86:21 89:24 91:15 162:7

lots 170:18

loud 168:23

low 49:22 52:20

lower 83:8

LPA 169:14 175:7

lucky 96:6

Lynn 144:22

M

made 32:13 33:13 36:12 47:11,13 48:10 49:23 51:8 61:9 78:3 84:20 102:24 109:20 110:9 114:14 122:17 147:20 148:20 149:4 153:6 154:6,12,15,22 155:6 156:7,13,24 159:10 161:4 162:4

major 20:14,19,24 21:7,11

majority 34:16,23 35:2,4,8,18 36:8,19 37:5 39:9,18 40:7,8 41:4,18 43:20 72:3 83:6

make 13:15 15:10 17:12,17 29:4 46:19 65:4 67:12 92:7,10 99:11 101:3 102:16 113:23 114:8 116:5 118:19 140:9 144:8 152:20 155:20 158:21.24

maker 21:10 23:15, 20 26:4 29:23 31:12 32:2,8 33:18 36:3,7 37:6,17,20 79:16,18, 22 80:9 81:2 109:2

maker/borrower 80:14

makers 27:10 46:25

makes 119:11

making 26:12,24 100:18

manage 129:18

management 9:6 39:24 62:15,22 87:5, 16 88:7,9 89:9 92:25 103:24 104:7,9 109:3 123:7 127:18,21 128:22 129:13

manager 58:14

managers 135:6,8

manner 100:17

Mark 54:17

marked 10:15 56:5 59:22 95:5 97:11 107:14 116:24 119:5 123:11 130:19 163:17 173:6

market 89:5

material 82:17 106:4 124:18 135:20 materially 84:4

math 103:3

Matt 149:8

matter 9:5 55:11 75:6 103:2 146:15 153:11

Mcgraner 86:6,21,24 87:2,23

meaning 20:21 98:4 134:8

means 11:18

meant 131:19

mechanisms 167:12.14

media 9:3 93:20 94:2,19 150:3 175:19

meeting 105:21

meetings 106:19 130:4

member 71:14

members 117:17

memo 130:9,22,25 131:2 132:24 133:4 134:17 135:13 136:3

Memorandum 130:17

memorialize 160:24

memorialized 49:12 161:22

memory 26:13

memos 134:21,23 136:5

mention 102:24

message 66:17

met 45:24

MGM 70:22 71:14 74:6,14,16 75:11 83:4 167:2

Michael 77:5 95:23

middle 103:15

million 22:4 24:20,23 27:8 52:9,17,23,24 58:2 61:5 62:6 90:17

91:11,13,23 92:6,11, 14 93:12 99:6,16,22 101:22 102:7,17 103:5,17 104:2 107:23 109:2,25 110:13,20,23 111:17, 21,24 112:4,10 117:9 119:10,14,16,23 125:4 129:5 137:10, 22 138:13 140:13,22 141:6,7,12 151:17

mince 104:5

mind 154:12,15 168:8,9

mine 96:19

minimis 51:25 158:19.23

minimum 76:5

minimus 51:25

minor 20:16

minority 72:4

minute 17:14 68:8,16 94:2,13 95:2 96:17 115:2 127:8

minutes 12:6,22,24 17:20 93:20 96:3 105:20 107:3,5 149:22 162:21 170:2

mistake 49:2 114:13

moderately 74:21, 23 75:8

modest 51:11.21

modification 45:6

modified 136:4

moment 38:8 58:21 125:13 162:20 174:13

monetization 72:12 73:13 84:23

money 80:25 93:2,10 99:12 101:2 104:2,14 119:18

monies 101:10

month 147:19

months 147:20

Index: Morris..owners

Morris 8:21 9:14 10:14,19 11:12,23 13:2,11,14 14:17,20, 25 15:4,9,11,22 16:11,22 17:2,9,21 18:2,4,7,16,24 19:5, 11,24 20:15 22:24 26:18,23 27:2 28:2, 23 34:8 35:7 36:5,15 37:16 38:21,24 39:2, 3,15 42:21,22 43:9, 21 44:6,19 45:11 46:2,11,22 48:24 50:4,6,16 52:15 53:23 55:20 56:7 59:16,24 61:8 62:13 63:23 64:6,16 65:19 66:4,16 67:5,14,20, 24 68:3.14.19.21 69:17,19 70:20 71:9 73:3 76:9,23 77:7,15 78:8,15,19 79:2,5,13 80:18 82:5,9,13,14 84:7 85:18,21 86:9 88:4 89:6,20 91:9 93:17,21 94:4,7,10, 14,22 95:7,11,16,19, 22 96:14,22 97:9 98:8,11,22 100:14 101:11 103:14 104:24 105:2 106:6.8 107:4,9,16 108:20,23 111:16 113:12,18,20 114:4,20,24 115:5, 13,25 116:7,9,12,19 117:2 118:2,24 119:7 123:3,13,17,21 124:3,7,11 125:10,11 127:25 128:8 129:15 130:14,21 131:12,16, 17 132:7,14,16 133:10 135:14,17 136:23 137:14 142:3. 11,14 143:17 144:10 145:13,24 149:15 150:6 151:2 152:9,18 155:10 157:4 158:13 160:7 161:8 162:19 163:8,19 164:4,15,17 165:7,9,19,24 170:23 172:6 173:8,12,14 175:9,13,15

move 37:2 38:20 50:4 104:24 106:6

movement 93:10 moving 99:8 multiple 61:2 63:7 83:10 138:25 153:22

mute 115:16.17.21

Ν

Nancy 39:18 40:12, 15 41:8.11.16 49:19 51:16 56:23 57:8,12 58:16 60:5,8 64:17 65:6 76:10,15 77:8, 17,21 78:4

nature 13:22 58:8,11

NAV 99:17 100:8,19 101:15 102:8 104:18 105:5,9,12 106:23

needed 96:11 104:3, 14 119:14

negotiation 83:24 84:4 85:8

negotiations 92:22

net 112:12

Newman's 10:11

Nexpoint 14:11 23:25 58:4,5,12 61:16 62:6,21 63:12 64:19 80:22 81:19 89:7,8,23 90:7 134:4, 12 135:7,24 137:8, 17,20,21 138:3,7 143:19 157:22 173:3, 21 174:5

Nexpoint's 138:8

NFLP 63:20

nomenclature 80:15

normal 156:17

Norris 153:9

Northern 9:8

note 14:14 21:11,15 24:7 26:5 28:6 29:24 30:7,13 32:2,8,13,20 33:13,18,23 34:10 35:15,19 36:7 37:6, 18,20,25 38:2,3,4

42:3 44:13 45:6,18, 19 46:5 47:13 48:10 91:11 96:10 108:8, 17,25 109:16,21,24 111:18 117:18 118:17 119:4,17,22, 23 137:17 154:20

notebooks 15:7

notes 13:20 14:9,15.

24 15:14 18:23 20:3,

5,23 21:7,24 22:10, 14,17 23:7,11,16,21 24:11,16 25:14,24 27:4,10,17 28:20,25 29:5,10,13,15,17 30:2,15,21 31:5,10, 12,23 32:25 33:2 34:20,22 35:20 36:2, 13 39:4,6,20 41:23 42:11 43:15,24 44:23 45:13,14 46:14,23 47:4 51:21,24 69:8, 10,20 70:12 76:11,15 77:10,18,23 79:8,16, 23,24 80:3,9,16,24 81:6,7,15 90:15 91:11,16 92:2 120:21,25 121:4,11, 15,18,21 122:3,10,22 125:2 128:14 135:21 140:23 142:25 146:23 147:8 148:8 150:12,20 151:5 152:7,17 154:10 155:23 156:3,4,8 157:11,24 158:7,24 161:13,20 166:17,18 167:14 169:8 170:20 171:14 174:23

notice 148:11 157:10,16

notice-of-default 157:21

notices 158:5,15

notifying 148:10

noun 70:18

November 9:10 154:7

number 9:3 23:11 64:22 66:22 94:2,19 136:13 140:19 150:3 163:23,24 166:2,8 168:11,13,22,23,24 169:19,21 171:23 172:9,13 173:9,16 174:4,7,10,15,19 175:3

numbers 50:3 99:8 100:4,5 102:13 104:6 158:22

numerous 30:18 36:2 38:12 41:25 60:24 105:17 107:2 144:21

NXRT 57:21,24

0

object 15:4 16:11,12, 13 17:21 27:20 28:10 34:24 36:9 37:7 42:19 43:3,16,25 44:15.25 45:20 46:6. 16 48:19 59:13 60:11 62:9 65:15,24 69:15 70:15 71:5 72:22 76:2,18 77:2,12,25 78:6,10 79:10 83:25 85:25 87:19 88:10 91:6 98:19 100:10 103:7 111:10 113:7, 16,24 117:21 125:8 127:22 129:7 134:24 136:14 137:11 141:24 142:8 143:12 145:10,19 146:7 150:22 152:5 155:8 157:2 160:3 165:16 172:2

objecting 78:9

objection 26:19,20 101:5

objections 142:19 163:14 173:3

objects 8:22 obligation 138:8

obligor 80:25

obtain 71:4 72:21

obtained 136:25

obvious 50:2 51:3

occur 73:7 124:18 159:24

occurred 70:2

October 130:18.23 133:18,23 136:11 137:3,7 138:20 139:13,22 141:15

odd 22:4

office 19:7 151:20

officer 87:10

officers 133:18

offset 138:14 141:12

Okada 87:24

one-off 170:19

ongoing 168:6

opinion 45:7

order 33:10 103:21 104:3 175:23 176:8

ordinary 54:9 55:13

organization 111:14 original 15:15 24:6

originally 46:24

outs 148:2

outstanding 28:21 38:3 119:17 137:16 138:8 140:13 155:23

overarching 13:21

overpaid 151:16

overpayment 154:2

oversee 111:4

overstated 141:6

overview 13:21

owed 80:25 137:9

owing 152:2

owned 72:4 97:25 155:21 157:6

owner 87:10

owners 87:22

Index: ownership..provided

ownership 83:10 88:15.18

P

p.m. 9:11 175:20 176:18

Pachulski 161:2

page-- 13:11

paid 52:21 99:15,21, 25 101:17 102:6 104:10 110:2 112:8 113:3,6 114:12 119:9,16 153:25 154:17 158:19,24 160:18,23

painfully 172:15

paint 53:2

paper 117:13 173:13

paragraph 13:3,12, 17 14:3 39:16 47:10, 20 48:8 81:25 82:10, 17,25 83:14,18 124:24 141:19 171:6

parenthetical 118:4

parsing 87:13

part 18:16 28:21 30:9 43:23 46:9 65:8,13 73:17,18 83:14,16 104:13 106:4 110:5 112:6 121:7,9 122:10,16,19 145:16 148:8 166:19 167:15 170:22 171:15,18 174:24

parte 162:6.10

participants 86:5

participated 130:4

parties 8:14 23:25

partly 169:9

partner 10:11 95:24

partnership 34:17 36:22 125:3

pas 38:6

past 38:7

pay 112:17 114:8 151:25 152:12.16 174:22

payable 15:14 135:20

pavee 32:3 35:19 37:18,21 80:9

paying 99:12

payment 91:20 97:22 98:3,5 100:8, 18 101:3 102:18 103:16,22 104:3 109:20 113:13,21 118:16 153:6 154:22 155:6,7,20 156:7,12

payments 151:12 152:10,15,21 154:5, 9,11,14 156:18,19,24 159:9,11 160:18 161:4,5,12 162:4,15,

pending 8:20 30:3,9, 16 31:10 33:19 34:2. 20 35:21

people 67:3 148:19, 24 153:14,24

percent 35:3 57:16 60:20 71:16 96:24 126:23 127:9

perfectly 64:12

performance 57:22 63:17 89:2

performed 106:2 134:14

period 47:23 122:23 124:19 129:4,14 138:19 139:13

periods 85:14

person 31:3,8 88:6 144:12 158:17 159:15

personal 18:18 68:12

petition 25:5,12,22 26:6 27:7,13 70:25 72:18

phone 49:16 63:24

96:15 160:12 161:17

photograph 64:8 66:17

phrase 13:25 36:19. 21 150:14

picks 104:22

picture 15:20 16:20 53:2 64:3,15 68:7

piece 93:4

place 71:20 135:13 143:7 161:18,19

places 105:17

plaintiff 39:19.20.23 40:9 41:19

Plaintiff's 13:5 163:15 173:4

plan 142:20 146:22 148:23 166:22

platform 87:2 90:6

plays 126:11

pleading 145:18

pleadings 145:22

plot 146:22 148:23 166:22

pocket 103:21

point 18:16 37:19 103:25 141:17 148:5 149:13 175:6

portfolio 70:14,21 71:3,12 72:9,20 73:25 75:3,17 82:16 87:4,25 135:6,8

portion 120:22 131:7,21 132:10 137:22 138:13

portions 72:14

potential 32:13 33:13

potentially 11:21

practice 8:7 134:20 135:3

precise 24:21

preferred 86:4

premarked 56:9

preparation 126:3 167:24

prepare 55:15 108:7

prepared 54:10,14 56:14 117:19

preparing 55:2 133:4

prepaying 38:2,5

prepays 37:25 38:7

present 42:7 69:13

presented 147:11 148:25

president 61:15,16 87:9 91:5 126:14 134:20 147:23

pretty 126:23 135:8

previously 76:8 117:19

price 83:7

Pricewaterhouseco opers 123:23

Pricewaterhouseco opers' 123:19

principal 21:14,24 22:5 24:6,16 30:7 31:13 118:17 140:22 154:9 156:10

prior 24:19 29:9 50:18 63:19,20 70:25 72:18.25 73:2 76:11 90:2 96:20 110:15.19 121:25 144:14 145:7 149:6 150:9,17 151:3 165:13 166:4,14 167:8 168:14,19,25 169:11 170:12

private 63:8

problem 78:8 132:20 140:10

procedures 8:19 103:4

proceed 9:18 19:6 68:3,14

proceeding 165:14 166:5,15 168:15 169:2,12 170:13

process 71:23 122:11 130:6,11

produced 14:18 107:6

producing 67:8

product 125:23

production 66:20,21 163:17 173:6

professional 77:4

promise 67:18

promissory 13:19 20:3,23 21:6,15 22:10,14,17 24:11 25:14 28:6 29:13,15, 17,24 30:2,7,13,15, 21 31:25 32:8 33:18, 23 34:10,13,19,21 35:15,19 36:7 37:6, 18 39:4,6 41:23 42:11 43:15,24 44:13,23 46:14 76:11,15 77:9,18,22 79:8 108:8,17,24 109:16,21,24 117:18 119:3,23 122:10,22 125:2 150:11,20 151:5 169:8

propel 51:10

proper 53:2

properly 122:18

property 41:24 42:5, 17 43:2

proposal 146:21 167:25

proposals 147:2,20 149:4 169:6

proposed 84:16

proved 147:24

provide 49:19 50:10, 17 53:24 86:17,24 89:8 125:21 129:25

provided 85:23 86:3, 7,14,21 87:11,16 88:8,22 106:21 130:9

Index: providing..responses

133:25

providing 87:8

provision 83:23 84:8.15.18

purpose 46:12

purposes 60:22

pursuant 85:23 86:14

put 10:14 14:21 15:23 16:3,14 55:20 59:16 82:3 85:15 93:17 94:23 115:14 116:19 118:10 123:3 130:14 132:12 146:21 163:9

puts 126:21

putting 92:25 93:4 109:23

PWC 122:10 126:21 127:2 128:11

Q

question 11:14 20:4
32:5 33:6 35:13 50:8
52:13 53:17 69:18
72:16 77:3 78:9 80:2
81:10 86:12 88:5,18
96:23 100:13 106:17
109:23 135:19
136:13 141:20 145:2
146:8 150:16 169:5

question's 149:5

questioner 89:19

questioning 120:23

questions 10:8 14:6 15:24 16:15 17:3 20:5 28:5 50:22 53:11 68:22 76:8 78:24 88:14 106:14 132:9 138:23,24,25 139:7 140:17 143:21, 23 165:5 175:10,17

quick 149:14

quickly 132:19 165:20 173:18

Quinn 10:10

quote 39:17 47:11 97:21 108:3 117:10, 13,14 124:25 166:4,7

R

raise 9:24

range 22:6

rattled 138:17

reach 95:24 96:4 148:2 159:16,17,21

reach-outs 148:7,19

reached 159:8,15

reaches 148:2

read 64:10 83:20 132:19 168:17,23 169:4

reading 168:18

ready 116:13

real 86:25 89:10,24 90:3,7 112:16 134:6,

reason 62:7 75:20 77:16 150:13,21 151:6 168:2 173:17 174:14,15,19 175:2

recall 20:17 53:5,16 54:4,9 59:9 61:19 75:19 76:13,17 79:12,14 84:13,17 85:9 90:22 91:3,12 93:6,8 99:10 105:6 109:7,10,22,24 110:3 111:19,22,23 112:8, 11,19 113:2,4 114:5, 7,10,11 118:14 130:8 132:24 142:19,23 145:25 146:11 151:10 153:3,4,18 157:9 158:10,11 160:13,15 164:23 167:17,22

receive 101:20

received 36:13 56:20 58:17 64:18 65:7,13, 22 66:16 102:17

recipient 36:4

recollection 32:11, 18 33:10 48:2,11 49:7 61:12 63:16 92:13,16 99:4 101:21 102:6,16 103:11 112:13 114:17,18 120:13,18 121:6 133:24 137:16 143:9 151:23 152:19 158:4 164:9,18,20

reconciliation 101:8

record 8:9 9:21 10:10 15:10 16:13 17:19,25 18:5,8,12, 14 66:11,15 89:4 94:6,7,21 95:15,18 97:2 115:4,9,10,12, 24 149:24 150:5 161:15,18 162:24 163:2,3,7 175:20,23

recording 8:15

records 93:14

Redeemer 72:5

refer 19:21 48:9 78:4 143:18

reference 63:11

referenced 47:19

referred 14:3 72:12

referring 66:18 171:4

refers 39:24 57:20 118:7

reflect 97:2

reflected 32:23 33:3 57:8,14 59:11 64:19 105:15,19 161:22

reflects 153:18

refresh 32:18 33:10 143:9 164:18

refreshed 63:6

refreshes 164:9,20

refuse 84:15

regard 71:24 72:2 121:15 147:18

regular 168:5 175:25 176:2 reinvested 49:22

REIT 57:25 58:4,12, 15 63:13 64:19

relate 72:8,10

related 30:24 81:18, 23 86:25

relating 32:7 57:21

relationship 58:8,11 74:18

relative 51:25 52:2 158:19

relevant 32:20 51:12

reliance 126:21

relied 106:3 111:12

rely 111:3

remained 18:13 42:6

remember 13:9 21:3,4 22:4 23:18 24:2 27:23 28:14,18 49:10 52:6,24 57:10 59:2,7 65:9,18 76:4 81:20,21 84:21,23,25 85:2,3,4,12,13 91:15 103:12 113:10 120:8 146:15 152:11 153:9, 15 154:19 157:25 159:5 165:4 168:3

remind 171:3

remote 8:15

remotely 8:10,13 9:10

renew 129:21

renewal 129:25 130:5 136:7 138:24

Reorganization 142:17

repeat 32:4 50:21 52:13 100:13

repeating 78:24

report 125:2,7,13,17, 19,22 127:15 139:17, 21 140:12

reported 111:14 128:19 reporter 8:11 9:22, 24 18:10 94:17 149:12 175:21 176:4,

reporting 8:5 126:8

reports 126:4,8 127:6 139:18

represent 136:24 143:4 173:20

representation 127:18,21 128:23 129:13

representative 39:8,18 40:7 41:17

representatives 46:25 147:17

representing 170:20

represents 105:22

request 10:3,17
13:13 16:14 17:15
55:22 59:18 84:10
85:20 98:10 107:11
108:22 116:21 119:2
123:5,20 124:6,10
130:16 131:4,25
132:4,6 133:9 135:16
137:3 142:13 163:12
165:8,25 168:11
169:18,20 174:4,7,9,
10,14,18 175:3

requests 138:23 163:15,16 165:18 173:4,5 174:20

required 90:5 113:22 114:8

resolution 112:7

resolve 112:14

Resources 54:15, 18,21

respect 158:6 159:3, 9 174:11

responded 172:17

response 108:15 136:11,12 137:2,4 172:12

responses 163:10, 14 173:4,21

Index: responsibilities..speculation

responsibilities 51:13

responsibility 80:7

responsible 55:2 104:17,23 105:4,9,12 106:22 113:5 125:16, 18 126:2,18 127:14 133:4

rest 13:24

restate 69:18

restitution 112:25

Restoration 72:5

restricted 57:20 58:17 59:11 63:12 64:18,25 65:7,13,22 71:20

restroom 96:13

result 28:19 44:12 99:17 100:8

resume 18:20

reswear 9:23

retail 105:22 129:18, 20 130:2,5,10 131:2 134:18,22 136:12 137:8,21 138:3,7,12 139:22 140:12 141:5, 11,22 142:6

retained 59:6

review 122:6 130:11 134:17 164:25

reviewing 134:22

revisions 81:24

rights 43:19

Robert 10:8

role 53:3 87:5 126:11

rolled 51:9

rolling 95:20

room 8:8,12 96:6,7 153:16

rough 103:3,10 175:25

Rule 8:18

rules 8:18,19 running 71:15 rush 176:3

S

salaries 104:10

salary 52:8,17 57:8 60:9,19,25 61:10,13, 17,21 62:5

sale 71:17 73:16

sampling 126:24 127:9

satisfied 42:6 70:7 75:23

Sauter 134:8

schedule 49:16 63:22

screen 10:15 56:10 82:4 95:9 97:10 114:21,23 119:22 131:15 163:9

scroll 124:8 131:8

scrolling 131:23

seat 95:13

SEC 92:4 98:2,4 99:11,25 103:12 104:17,21 105:4,8

section 124:13 132:9 134:3 135:15,18 171:24

Seery 144:22 147:3, 17,22,24 149:8 153:22 154:4 160:2 174:21

sell 70:13 71:2,12 72:19

selling 71:22

send 15:20 16:21 19:7,10 64:3 66:6 68:7,9 118:11

sending 160:15

senior 92:24 134:9

sense 118:19 119:11

sentence 118:4

separate 20:6 38:4

series 58:2

serve 133:22

service 88:23

serviced 135:11

services 14:10 62:23 81:19 85:23 86:4,7, 14,17,22,23 87:8,11, 16,22 88:8,15 89:8, 21 133:25 134:13,15 135:12 143:19 151:16 152:8,13,15, 21 153:7,25 154:2,8 157:22

serving 126:13

set 13:15 56:18 81:25 82:17 83:17 143:20 171:5

sets 82:19 100:16

settle 93:2

settlement 92:21,22 104:13 147:2 148:8 151:19 166:20,22 167:24 169:6,23 170:18

settlements 147:25 168:5

seven-year 63:22

severity 8:6

share 65:21

shared 53:6 133:25 134:13,15 135:12 151:16 152:8,12,15, 21 153:7,25 154:2,8

shareholder 112:24

shareholder's 71:19

shareholders 39:9 40:8 41:18

shares 58:2 71:22

sheet 14:14,18 27:15 72:15 121:5,19,23

sheets 122:4

shift 85:17

shortly 96:9

show 158:9 169:7

showed 57:4 76:10 120:3 164:15

showing 70:6

shows 100:7 101:2

shuffling 173:13

sic 9:4 94:20 175:19

sign 124:21 126:16 128:22

signature 123:19 164:10,16 173:25

signed 45:13 46:24 48:16,17,21,22 90:15 91:4 123:23 127:17 129:13 164:21 165:2

significant 72:4 86:7 151:17

similar 136:5 138:21

simple 65:4 81:9 112:16

simply 88:7

sir 28:24 56:10 80:6 95:20 98:13 106:10 116:4,13 117:6 119:8 123:15 127:3 131:24 144:2,24 145:5 155:16 162:10 163:25 164:6 171:25

sis- 84:9

sister 40:12 50:11,18 51:5 52:7,16,19 53:6, 10,17,25 54:5 57:5 73:11 75:14,21

sit 23:19 34:11 35:25 39:13 48:14 52:6 53:9 81:20,21 148:17 158:3 165:3 172:21

situation 112:7

sixth 39:12

small 99:8 104:5 158:23

snap 17:18

social 8:7

sold 73:19 83:5,11,12 148:4

sole 127:4

solely 15:25

solution 146:22

sought 161:11

sound 47:23 119:19

sounds 45:4

source 102:17 127:4, 11.12

sources 101:2

space 151:20

speak 8:23 11:6 12:21 72:25 115:17

speaking 12:3 26:19 78:10

special 176:3

specific 26:16 28:7 48:2 85:5 118:18 122:13 128:18,19 137:3 149:5 152:16 170:7

specifically 21:4
28:15 30:4,11 31:2
34:11 35:24 37:14
41:11 50:15 52:6
55:8 57:10 60:13
80:3 81:22 84:12
96:16 97:2 98:14
103:13 106:21
107:25 110:11
111:22 118:13
119:11 139:9,11
140:3,25 143:14
146:7 149:10 169:24
170:3 171:5,9

specificity 47:18 49:10 121:15 122:8 148:24

specifics 21:20 91:15 166:24 167:3, 7,21

speculate 27:24 28:4

speculation 118:9

Index: speed..transcript

speed 65:11 **spend** 12:3 spending 38:22 **spent** 62:2 **split** 61:12 **spoke** 71:16 spoken 8:24 10:24 **spread** 62:17,20 85:14 spreadsheet 97:20 spreadsheets 154:3 **staff** 105:24 135:10 stamped 56:4 59:21 95:4 107:13 116:23 119:4 123:10 130:18 stamping 67:3,8 **stand** 94:13 standard 135:3 standards 46:20 51:12 53:4 standing 155:24 176:8 **Stang** 161:2 start 9:3 92:3 146:6 start-up 89:3 **state's** 8:19 stated 10:9 41:25 106:21 statement 39:17 54:12 56:4,13,18 59:21 60:2 71:8 100:23 125:20 statements 32:24

statements 32:24 33:3 55:3,15 120:16 122:7,23 123:8 128:10,15 129:3 States 9:7 stay 19:22 95:17 stenographic 9:20

steps 110:21

stick 78:5

stipulate 8:14 stock 57:21 58:18 59:11 63:12 64:19 65:7.13.22 Stonehill's 168:9 stop 17:22 38:24 39:2 76:25 78:15,16 115:18 132:2 **Stotz** 8:11 **strike** 50:5 104:24 106:7,13 146:6 **string** 97:14 108:12 **struck** 50:22 **stuck** 80:14 stuff 134:7 148:5 Sub- 72:24

subadvisory 105:23 **subject** 13:20 14:9 20:24 21:7,11,15,25 22:10,14,18 23:7,12, 16,21 24:7,12,17 25:25 26:5 27:5,11, 17 28:7,25 29:5,11, 14,16,18,24 30:2,8, 14,16,21,22 31:2,10 33:19,23,25 34:20,22 35:16,20 36:7 39:5,7 41:23 42:11 44:23 45:19 69:9,11,20 72:24 77:23 79:9,17, 23 81:3.6.8.15 83:24 84:19 137:23 138:9, 14 141:12 146:15 150:12,20 171:19

subsequent 13:20 21:5 42:8 43:8 44:5 45:10,19,24 47:6 69:16,23 70:6,11 72:7 73:7,17 75:23 82:20 122:24 124:14, 17 136:19 138:24,25

subsequently 147:22 substance 11:7,15,

18 132:24 165:11 substantial 21:5 substantially 74:9, 15,22 75:11 **substantive** 11:20

sued 90:14 **suite** 126:17

supplemental 123:8 131:3

support 83:12 97:21 134:2

supposed 151:18 174:23

surface 136:21

surprised 125:6 158:18

sustained 99:17 **Suzanne** 8:11 94:16

swear 8:12 swearing 8:16

switch 129:16

sworn 10:5

Т

table 13:15 takes 68:11 taking 18:17,20 94:10 161:18,19

talk 11:17 17:18 91:10 111:17 167:20

talked 59:5 60:14 120:14 174:11

talking 33:15,17 38:13,24 39:2 64:24, 25 146:6 153:20 156:2 162:9

tape 96:23

team 54:25 55:14 56:14 153:8,10,15

telling 14:25 78:17 153:4 167:17

template 117:18,24

ten 24:20,23

tendered 154:21

term 15:15,16 21:19 28:19 34:15 36:23 46:4 156:2 157:11 158:2,7 161:13 166:13

terms 44:13,22 45:5 46:14 82:18 88:25 144:17 165:12 166:6, 12,25 170:4,7 171:12

terrace 92:3

Terrestar 98:2 112:7

test 26:13

testified 10:6 12:8 51:18,20 53:7 57:11 144:20 170:2

testifying 48:22

testimony 10:25 12:12,14 32:22 44:4 48:15 49:3 145:17 155:4

Texas 9:8

text 66:17 68:8 96:2

texted 95:25

thing 44:8 88:24 92:19 127:7 132:19

things 26:13 28:20, 21 38:23 47:6 83:11 153:22 162:7 166:23 172:18

thinking 138:18

thinks 11:18

thought 31:19 36:20, 23 87:12 159:23 160:5,24 162:2 170:3 172:18

throw 144:4

ties 127:10

time 9:15 12:3 29:20, 21 32:5 35:9 37:13 38:8,23 39:12 40:5, 16,19,25 42:4,13,15, 23 47:4 52:21 61:14 62:2,14,17,20 63:4 64:13 66:8,15 67:6 71:3 73:12,21 74:6, 12,19,25 75:24 76:6 78:7 83:20,21 85:4,

14,24 87:6,10 92:23 93:11,15 96:19 109:8,12 114:9 117:16,17 120:3,6,8, 11 121:18 126:13 129:11 136:18 138:19 141:17 142:6 143:11 149:22 150:5 153:16 160:20 163:7 172:17 175:6

times 41:25

tired 144:25

title 111:7,8 134:7

today 13:25 33:16 34:12 35:25 36:3 38:14 39:14 40:13 52:6 53:9 66:10 67:4 70:3 81:21 132:25 133:2 144:7 165:3 172:21

today's 175:18

told 47:7 52:25 110:15 117:8 129:2 139:12 141:11 145:25 146:11 158:22,23 162:14 167:12 171:13 174:21

tomorrow 67:4,13

tonight 67:12 176:14

top 22:22 24:4,5 26:8 27:23 29:21 31:14 63:5 90:11 97:18 108:14

topic 150:7

topics 38:16 41:8

total 102:5 103:6,16

totals 101:19

track 89:4

track-record 88:24

trade 58:3

transaction 90:6 108:3 110:16

transactions 124:18 134:6,11

transcript 96:15

Index: transfer..ZIP

transfer 91:23 92:6, 8,9,11,14 93:7,12 107:22 110:13 111:24 112:4 116:16 117:9 120:10

transferred 91:13 110:24 111:21 119:18 129:5

transfers 110:9

transition 151:19 153:24

travel 49:15

treasurer 90:24 111:8

trick 81:10 146:10

triggered 42:8,9

true-up 151:19 153:22

trust- 20:25

trustee 19:19.22 20:2,11,19 21:2,8,12, 17 22:2,11,19 23:3,8, 13,17,22 24:8,13,18 25:2,14 26:2,7 27:6, 12,18 28:9 29:19,25 30:9,15,23 31:4,9,25 32:7,12 33:12,25 39:8 40:12,15 41:3 42:25 43:6,14,18 44:11,21 45:17 47:19 49:5 50:20 51:7 53:13 73:11 75:24 78:5 79:7,15,21 81:4, 13 84:14,20 137:24 138:10 139:25 144:19 145:9 146:3, 13,19 148:14 149:9 167:11 170:12

trustee's 84:10

trustees 82:24

Trustway 70:22 71:24 74:22 75:8 167:2

TSG 8:5

turn 47:25 97:6 123:14

turned 84:24

type 128:6 133:4 140:16

types 56:19

typically 112:25

U

UBS 170:20

ultimate 28:19

ultimately 41:8 42:2 45:22 146:25

unable 45:24

understand 10:20 34:3 40:6 68:25 98:15 100:6,15 131:18 144:6 171:7

understanding

36:21 40:25 43:22 49:25 51:2,3 58:7,11 61:25 73:9 74:4,8,17, 21 75:10,22 83:15,17 98:16 103:19 124:16 125:22,24 126:22 127:20 128:4,7 160:9.17 161:11

understood 42:16, 24 43:6 74:13

underwear 80:14

unenforceable

150:13,21 151:5

unfettered 71:25

unilaterally 71:18

United 9:7

units 57:21 58:18 59:11 63:12 64:19 65:2,7,13,22

updates 148:22

V

validity 8:15

valuation 105:25

variety 62:18 80:17

varying 75:4,6

vendors 104:22 127:10

verbal 49:21 51:2

verification 126:24 127:9

verified 60:18

versus 76:7 84:22,24 102:2 118:21

vest 58:22

vested 57:16 58:19, 24 64:23

vesting 63:22

vests 58:25

video 8:10,15 17:25 95:19 97:6 115:24

video-recorded 9:4

view 131:7 132:10

virtually 28:14

volatility 75:12

Volume 9:4 94:19 175:18

voluntary 113:14

vote 112:24

W

wait 40:2 81:5 165:16

wanted 41:12,16 90:12 98:2,4 175:22 176:13

Waterhouse 90:16, 24 93:7 97:17 108:11 111:3 126:11 151:11, 24 152:20 153:2,5,19 160:10,16 161:16,23 162:14 165:13 166:7, 14 170:4

Waterhouse's 97:19

ways 37:12

week 12:16 44:18 120:3

weeks 136:2

well-known 92:18

wider 49:9

wire 110:8

withdrawn 21:22 22:8,15 29:14 34:14 35:16 42:21 47:9 51:15 69:9 82:22 113:18 114:6 121:20 125:10 133:16 154:13

witnesses 15:7

Wonderful 175:11

word 39:23 171:4 work 101:23.24

125:22

working 62:2 73:13 126:2

works 146:20

world 11:4

worth 58:20 92:4

wrap 149:16

wrestle 170:25

writing 86:10 87:22 105:15,18 106:20 153:17 160:10,11,13 161:21

writings 106:9

written 85:22 86:11, 13,20 130:9 146:21 161:15,18 163:10

wrote 28:24

Υ

year 22:13,16 24:19 28:15,17 30:12 47:9, 12,14,25 48:9,11 49:8 52:18 55:10,11 56:20 57:16 105:22 106:5 113:3 118:15 142:6 154:13

year's 136:6

years 21:5 30:19 38:11 49:6,24 51:9 58:23,24,25 59:2,3,4 63:6 76:5 126:23 years' 63:20

yelling 115:18,19

yes-or-no 11:14

Yup 56:11 97:13

Ζ

Ziehl 161:3

ZIP 51:22 53:2

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhiloit2E4 FRage 11/05/1231 Page 88 of 200 PageID 35549

EXHIBIT 14

1	WATERHOUSE - 10-19-21	Page 1
2	IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION	
4		
5	Chapter 11	
6	HIGHLAND CAPITAL MANAGEMENT, L.P., CASE NO.	
7	19-34054-SGI11	
8	Debtor.	
9	HIGHLAND CAPITAL MANAGEMENT, L.P.,	
	Plaintiff,	
10	vs. Adversary Proceeding No.	
	HIGHLAND CAPITAL MANAGEMENT 21-03000-SGI FUND ADVISORS, L.P.; NEXPOINT	
	ADVISORS, L.P.; HIGHLAND INCOME FUND; NEXPOINT	
	STRATEGIC OPPORTUNITIES FUND; NEXPOINT CAPITAL, INC.; and	
	CLO HOLDCO, LTD.,	
15	Defendants.	
16		
17	REMOTE VIDEOTAPED DEPOSITION OF	
18	FRANK WATERHOUSE	
19	October 19, 2021	
20		
21		
22		
23		
24	Reported by: Susan S. Klinger, RMR-CRR, CSR	
25	Job No: 201195	

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E4 FRage 23/05/1231 Page 90 of 200 PageID 35551

1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 3
2		2	APPEARANCES:	
3		3	(All appearances via Zoom.)	
4	October 19, 2021	4	Attorneys for the Reorganized Highland Capital	
5	9:30 a.m.	5	Management:	
6		6	John Morris, Esq.	
7		7	•	
8			Hayley Winograd, Esq.	
9	Pamata Danacition of EDANK WATERHOUSE	8	PACHULSKI STANG ZIEHL & JONES	
l	Remote Deposition of FRANK WATERHOUSE,	9	780 Third Avenue	
10	held before Susan S. Klinger, a Registered	10	New York, New York 10017	
11	Merit Reporter and Certified Realtime Reporter	11	Attorneys for the Witness:	
12	of the State of Texas.	12	Debra Dandeneau, Esq.	
13		13	Michelle Hartmann, Esq.	
14		14	BAKER McKENZIE	
15		15	1900 North Pearl Street	
16		16	Dallas, Texas 75201	
17		17	Attorneys for NexPoint Advisors, LP and	
18		18		
19			L.P.:	
20		20	Davor Rukavina, Esq.	
21		21	An Nguyen, Esq.	
22		22		
23				
		23		
24		24	Dallas, Texas 75201-6659	
25		25		
	Page 4	1	WATER IOUEE 40 40 24	Page 5
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	Attorneys for Jim Dondero, Nancy Dondero, HCRA,	2	INDEX	
3	and HCMS:	3		
4	Deborah Deitsch-Perez, Esq.	4	WITNESS PAGE	
5	Michael Aigen, Esq.	5	FRANK WATERHOUSE	
6	STINSON	6	EXAMINATION BY MR. MORRIS 10	
7	3102 Oak Lawn Avenue	7	EXAMINATION BY MR. RUKAVINA 256	
8	Dallas, Texas 75219	8	EXAMINATION BY MS. DEITSCH-PEREZ 352	
9		9	EXAMINATION BY MR. MORRIS 377	
10	Attomeys for Dugaboy Investment Trust:	10	EXAMINATION BY MR. RUKAVINA 387	
11	Warren Hom, Esq.	11	EXAMINATION BY MS. DEITSCH-PEREZ 393	
12	•	12		
13	•	13		
			No. Page	
14	•	14		
14	New Orleans, Louisiana 70130		<u> </u>	
15	New Orleans, Louisiana 70130	15	Exhibit 2 NPA et al Amended Complaint 142	
15 16	New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for	15 16	Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91	
15 16 17	New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust:	15 16 17	Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation	
15 16 17 18	New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq.	15 16 17 18	Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94	
15 16 17 18 19	New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN	15 16 17 18 19	Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements	
15 16 17 18 19 20	New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN 51 Madison Avenue	15 16 17 18 19 20	Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151	
15 16 17 18 19 20 21	New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN	15 16 17 18 19	Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151 Exhibit 36 Email string re 15(c) 170	
15 16 17 18 19 20	New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN 51 Madison Avenue	15 16 17 18 19 20	Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151 Exhibit 36 Email string re 15(c) 170	
15 16 17 18 19 20 21	New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN 51 Madison Avenue	15 16 17 18 19 20 21	Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151 Exhibit 36 Email string re 15(c) 170 Exhibit 39 HCMLP Operating Results 2/18 226	
15 16 17 18 19 20 21 22	New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN 51 Madison Avenue New York, New York 10010	15 16 17 18 19 20 21 22	Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151 Exhibit 36 Email string re 15(c) 170 Exhibit 39 HCMLP Operating Results 2/18 226	

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E4 FRage 21/05/1231 Page 91 of 200 PageID 35552

1	5 0	_	_	\ -
1	Page 6 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 7
2	Exhibit 45 HCMFA Consolidated Financial 135	2	PROCEEDINGS	
3	Statements	3	VIDEOGRAPHER: Good morning,	
4	Exhibit 46 NexPoint 2019 Audited 218	4	Counselors. My name is Scott Hatch. I'm a	
5	Financials	5	certified legal videographer in association	
6		6	with TSG Reporting, Inc.	
7	Exhibit A1 Emails 11/25 328	7	Due to the severity of COVID-19 and	
8	Exhibit A2 Emails 12/31 338	8	following the practice of social	
9	Exhibit A6 Emails 1/12 341	9	distancing, I will not be in the same room	
10	Exhibit A7 Promissory Notes 297	10	with the witness. Instead, I will record	
١	Exhibit A9 Email, 8/31 307	11		
11	,		this videotaped deposition remotely. The	
12	Exhibit A10 Acknowledgment from HCMLP 302	12	reporter, Susan Klinger, also will not be	
13	Exhibit A11 HCMLP Schedule 71A 309	13	in the same room and will swear the witness	
14		14	•	
15		15	Do all parties stipulate to the	
16		16	validity of this video recording and remote	
17		17	swearing, and that it will be admissible in	
18		18	the courtroom as if it had been taken	
19		19	following Rule 30 of the Federal Rules of	
20		20	Civil Procedures and the state's rules	
21		21	where this case is pending?	
22		22	MR. HORN: Yes.	
23		23	MS. DANDENEAU: Yes.	
24		24	MR. MORRIS: Yes. John Morris. I	
25		25	would just try to do a negative notice	
_	D		D	
ı	Page 8			age 9
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 9
1 2		1 2		age 9
1 2 3	WATERHOUSE - 10-19-21		WATERHOUSE - 10-19-21	age 9
2	WATERHOUSE - 10-19-21 here, as we did yesterday. If anybody has	2	WATERHOUSE - 10-19-21 Counsel, please introduce	age 9
2	WATERHOUSE - 10-19-21 here, as we did yesterday. If anybody has a problem with what was just stated, can	3	WATERHOUSE - 10-19-21 Counsel, please introduce yourselves.	age 9
2 3 4	WATERHOUSE - 10-19-21 here, as we did yesterday. If anybody has a problem with what was just stated, can you state your objection now?	2 3 4	WATERHOUSE - 10-19-21 Counsel, please introduce yourselves. MR. MORRIS: John Morris, Pachulski	age 9
2 3 4	WATERHOUSE - 10-19-21 here, as we did yesterday. If anybody has a problem with what was just stated, can you state your objection now? Okay. No response, so everybody	2 3 4 5	WATERHOUSE - 10-19-21 Counsel, please introduce yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized	Page 9
2 3 4 5 6	WATERHOUSE - 10-19-21 here, as we did yesterday. If anybody has a problem with what was just stated, can you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction	2 3 4 5 6	WATERHOUSE - 10-19-21 Counsel, please introduce yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the	Page 9
2 3 4 5 6 7	WATERHOUSE - 10-19-21 here, as we did yesterday. If anybody has a problem with what was just stated, can you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given.	2 3 4 5 6 7	WATERHOUSE - 10-19-21 Counsel, please introduce yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions.	Page 9
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 here, as we did yesterday. If anybody has a problem with what was just stated, can you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is	2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 Counsel, please introduce yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau	Page 9
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2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 here, as we did yesterday. If anybody has a problem with what was just stated, can you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank	2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Counsel, please introduce yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me,	Page 9
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume@xhirbit2E4 FRage E/09/1231 Page 92 of 200 PageID 35553

1 WATERHOUSE - 10-19-21 2 as Deborah Deitsch-Perez. 3 MS. NEWMAN: This is Deborah Newman 4 from Quinn Emanuel. We represent the 5 litigation – Marc Kirschner as the trustee 6 for the litigation Sun Trust. 6 receive and review a subpoena that Highland 7 MR. MORRIS: I think that is 7 everybody. 8 A. Yes. 9 VIDEOGRAPHER: Thank you. Will the 10 court reporter please swear in the witness. 11 FRANK WATERHOUSE, 11 FRANK WATERHOUSE, 12 having been first duly swom, testified as 13 follows: 14 EXAMINATION 15 BY MR. MORRIS: 16 Q. Please state your name for the 17 record. 18 A. My name is Frank Waterhouse. 19 Q. Good morning, Mr. Waterhouse. 10 I will ask you a series of questions, and it is 11 important that you allow me to finish my 12 I represent Highland Capital Management, L.P.; 13 is that right? 14 A. Yes. 15 Q. And it is important that I allow you		3SE 3.21-CV-00001-A DOCUMERALIBITATION			
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17 A. Yes. 17 MR. MORRIS: I appreciate that,			16	hard copies of those documents.	
				•	
	(Q. So unlike I think the other			
19 depositions that you have given, this one is 19 There will be other documents that we did				_	
20 being given remotely. So that presents some 20 not send to you that we'll be using today					
21 unique challenges, at least as compared to a 21 though.					
22 deposition that is taken in-person. 22 Q. Okay. With that as background, if				_	
23 From time to time we're going to put 23 there is anything that I ask you, sir, that you	200	•		•	
24 documents up on the screen, Mr. Waterhouse. 24 don't understand, will you let me know?	doci				
25 And it is important that I give you the 25 A. Yes.		·		-	
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E4 FRage 16/09/1231 Page 93 of 200 PageID 35554

Page 14			Dogo 15
WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 15
Q. Okay. Are you currently employed?	2	A. I-I-I might. I just - I	
A. Yes.	3	don't recall.	
Q. By whom?	4	Q. Okay. Does Skyview Group provide	
A. The Skyview Group.	5	any services to any entity directly or	
Q. When did you become employed by the	6	indirectly owned or controlled by Jim Dondero?	
	7	A. Yes.	
A. I believe March 1st of 2021.	8	Q. Can you name – is that pursuant to	
Q. Do you have a title at Skyview?	9	written contracts?	
A. Yes.	10	A. Yes.	
Q. What is your title?	11	Q. And do you know how many contracts	
	12	exist?	
•	13	A. Approximately six or so.	
role as CFO?	14		
A. I don't, no.	15	· · · · · · · · · · · · · · · · · · ·	
Q. No. Is there a president or a CEO	16	Highland Capital Management, L.P.?	
·	17	A. No.	
A. Yes.	18		
Q. Who is that?			
_		**	
		•	
MS. DANDENEAU: Excuse me, we	25	Q. Is it more than 20?	
Page 16			Page 17
WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
A. Yes.	2	these questions for any purpose other than	
Q. Is it more than 30?	3	this litigation. I think you understand	
A. I don't know.	4	fully why I'm asking the questions, and I	
Q. Can you tell me what portion of	5	just have a couple more, if you will bear	
	6	with me.	
entities that are directly or indirectly owned	7	MS. DANDENEAU: Okay.	
	8	MS. DEITSCH-PEREZ: Can we have an	
•	9	agreement that an objection by one is an	
	10		
	I	MR. MORRIS: Sure. I would – I	
for purposes of his testimony in connection	11	IVIIN. IVIONNIS. Suie. I Would – I	
tor purposes of his testimony in connection with the noticed litigation. I have given	11 12	would encourage that, sure.	
with the noticed litigation. I have given		would encourage that, sure.	
with the noticed litigation. I have given you some leeway to ask him some background	12		
with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this	12 13	would encourage that, sure. MS. DEITSCH-PEREZ: Thank you.	
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E4 FRage 1/09/1231 Page 94 of 200 PageID 35555

Page 18	
1 WATERHOUSE - 10-19-21	Page 19 1 WATERHOUSE - 10-19-21
2 Q. Is it more than 75 percent?	2 A. 2011 or 2012.
3 A. Yes.	3 Q. Did you serve as Highland's CFO on a
4 Q. Is it more than 90 percent?	4 continuous basis from in or around 2011 or 2012
5 A. I don't know.	5 until early 2021?
6 Q. Okay. Can I refer to Highland	6 A. Yes.
7 Capital Management, L.P., as Highland?	7 Q. During that entire time you reported
8 A. Yes.	8 directly to Jim Dondero; correct?
	9 A. I – I don't know.
10 served as Highland's CFO; correct?	10 Q. Is there anybody else you reported 11 to – withdrawn.
11 A. Yes.	
12 Q. When did you join Highland?	12 Did you report to Mr. Dondero for
13 A. I don't recall the exact date.	13 some portion of the time that you served as
14 Q. Can you tell me what year?	14 CFO?
15 A. 2006.	15 A. Yes.
16 Q. When did you – in what year did you	16 Q. Is there a portion of time that you
17 become Highland's CFO?	17 don't recall who you reported to?
18 A. I don't recall the exact date.	18 A. Yes.
19 Q. I'm not asking you for the exact	19 Q. What portion of time do you have in
20 date. I'm asking you if you recall the year in	20 your mind when you can't recall who you
21 which you were appointed CFO.	21 reported to?
A. I don't recall the exact year.	22 A. From the 2011 to – for
23 Q. Can you tell me which years it is	23 approximately a year or two.
24 possible that you were appointed to CFO of	24 Q. Okay. So is it fair to say that you
25 Highland?	25 reported to Mr. Dondero in your capacity as CFO
Page 20	Page 21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 from at least 2014 until the time you left	2 Q. Who might you have reported to in
3 Highland?	3 your capacity as CFO before you started
4 MS. DANDENEAU: Objection to form.	4 reporting to Mr. Dondero?
5 A. I don't want to speculate the exact	5 A. That would have been Patrick Boyce.
A. I don't want to speculate the exactor what year that changed or – so I would like	A. That would have been Patrick Boyce.Q. Are you aware that Highland filed
•	5 A. That would have been Patrick Boyce.
6 or what year that changed or so I would like	A. That would have been Patrick Boyce.Q. Are you aware that Highland filed
 6 or what year that changed or – so I would like 7 to stick with my testimony. 	 A. That would have been Patrick Boyce. Q. Are you aware that Highland filed for bankruptcy on October 19th, 2019?
 6 or what year that changed or – so I would like 7 to stick with my testimony. 8 Q. Can you recall when you began 	 A. That would have been Patrick Boyce. Q. Are you aware that Highland filed for bankruptcy on October 19th, 2019? A. Yes.
 or what year that changed or – so I would like to stick with my testimony. Q. Can you recall when you began reporting to Mr. Dondero? 	 A. That would have been Patrick Boyce. Q. Are you aware that Highland filed for bankruptcy on October 19th, 2019? A. Yes. Q. And we refer to that as the petition
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 6 or what year that changed or – so I would like 7 to stick with my testimony. 8 Q. Can you recall when you began 9 reporting to Mr. Dondero? 10 A. I don't recall. 11 Q. Can you – can you give me an 	 A. That would have been Patrick Boyce. Q. Are you aware that Highland filed for bankruptcy on October 19th, 2019? A. Yes. Q. And we refer to that as the petition date? A. Yes.
 6 or what year that changed or – so I would like 7 to stick with my testimony. 8 Q. Can you recall when you began 9 reporting to Mr. Dondero? 10 A. I don't recall. 11 Q. Can you – can you give me an 12 estimate of what year you think you might have 	 A. That would have been Patrick Boyce. Q. Are you aware that Highland filed for bankruptcy on October 19th, 2019? A. Yes. Q. And we refer to that as the petition date? A. Yes. Q. Okay. Do you hold any professional
 or what year that changed or – so I would like to stick with my testimony. Q. Can you recall when you began reporting to Mr. Dondero? A. I don't recall. Q. Can you – can you give me an estimate of what year you think you might have began reporting to Mr. Dondero? 	 A. That would have been Patrick Boyce. Q. Are you aware that Highland filed for bankruptcy on October 19th, 2019? A. Yes. Q. And we refer to that as the petition date? A. Yes. Q. Okay. Do you hold any professional licenses, sir?
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 6 or what year that changed or – so I would like 7 to stick with my testimony. 8 Q. Can you recall when you began 9 reporting to Mr. Dondero? 10 A. I don't recall. 11 Q. Can you – can you give me an 12 estimate of what year you think you might have 13 began reporting to Mr. Dondero? 14 A. I will go back to my prior 15 testimony. 16 Q. Okay. There is no – you have no 17 ability to tell me when you began reporting to 18 Mr. Dondero. 19 Do I have that right? 	A. That would have been Patrick Boyce. Q. Are you aware that Highland filed for bankruptcy on October 19th, 2019? A. Yes. Q. And we refer to that as the petition date? A. Yes. Q. Okay. Do you hold any professional licenses, sir? A. Yes. Q. Can you tell me what professional licenses you hold? A. I'm a certified public accountant. Q. Okay. Anything else?
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6 or what year that changed or — so I would like 7 to stick with my testimony. 8 Q. Can you recall when you began 9 reporting to Mr. Dondero? 10 A. I don't recall. 11 Q. Can you — can you give me an 12 estimate of what year you think you might have 13 began reporting to Mr. Dondero? 14 A. I will go back to my prior 15 testimony. 16 Q. Okay. There is no — you have no 17 ability to tell me when you began reporting to 18 Mr. Dondero. 19 Do I have that right? 20 MS. DANDENEAU: Objection to form. 21 A. I don't recall. 22 Q. Okay. Do you recall who you might	A. That would have been Patrick Boyce. Q. Are you aware that Highland filed for bankruptcy on October 19th, 2019? A. Yes. Q. And we refer to that as the petition date? A. Yes. Q. Okay. Do you hold any professional licenses, sir? A. Yes. Q. Can you tell me what professional licenses you hold? A. I'm a certified public accountant. Q. Okay. Anything else? A. No. Q. Do you have any other professional licenses or certificates? A. When you say "professional license,"

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E4 FRage 25/05/1231 Page 95 of 200 PageID 35556

1	Page 22 WATERHOUSE - 10-19-21	1	Page 23 WATERHOUSE - 10-19-21
2	Do you have any other license or	2	A. Yes.
3	certificate or certification?	3	Q. Were you ever employed by HCMFA?
4	A. Are you asking, like, where I went	4	A. Not that I recall.
5	to school and the –	5	Q. Were you ever – did you ever hold
6	Q. I am not. I am not. I didn't say	6	the title of an officer or director of HCMFA?
7	education. I didn't ask about degrees.	7	A. Yes.
	<u> </u>		
8	Do you know what a license is?	8	Q. What title did you hold?
9	A. Well, yeah, I mean, a license is	9	A. Treasurer.
10	something you get after you receive a certain	10	Q. When did you become the treasurer of
11	level of proficiency.	11	HCMFA?
12	Q. Do you have any licenses or	12	A. I don't recall.
13	certifications other than your CPA?	13	Q. Can you tell me the year?
14	MS. DANDENEAU: Objection, form.	14	A. I don't I don't know the year.
15	I assume you mean professional	15	Q. Can you approximate the year in
16	licenses, Mr. Morris; correct?	16	which you became the treasurer of HCMFA?
17	Q. Can you answer my question, sir?	17	A. I don't know.
18	A. Mr. Morris, I'm thinking. I	18	Q. Can you tell me if it was before or
19	don't – I don't think I have any others.	19	after 2016?
20	Q. Are you familiar with an entity	20	A. I don't recall.
21	called Highland Capital Management Fund	21	Q. Are you still the – do you know if
22	Advisors?	22	you're still the treasurer of HCMFA today?
23	A. Yes.	23	A. Today, I am the acting treasurer for
23 24		24	HCMFA.
	Q. Were you ever – can we refer to		
25	that entity as HCMFA?	25	Q. Is there a distinction between
1	Page 24 WATERHOUSE - 10-19-21	1	Page 25 WATERHOUSE - 10-19-21
	treasurer and acting treasurer?	2	the treasurer of CF- – HCMFA for the first
			time?
3	A. I said "acting treasurer" as I am an	3	
4	employee of Skyview, as you previously	4	A. I don't – I mean, there would be
5	stated – or asked.	5	some documents, some legal documents. I don't
6	Q. But you are the treasurer of HCMFA	6	know where those are.
	today; correct?	7	Q. How many times have you been
8	A. I am I am the acting treasurer	. 0	appointed the traceurer of LCMEA?
9	-	8	appointed the treasurer of HCMFA?
	for HCMFA.	9	A. I don't know.
10	-		• •
	for HCMFA.	9	A. I don't know.
11	for HCMFA. Q. How did you become the treasurer of	9	A. I don't know. Q. Was it more than once?
11 12	for HCMFA. Q. How did you become the treasurer of HCMFA?	9 10 11	A. I don't know. Q. Was it more than once? A. I don't know.
11 12 13	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today?	9 10 11 12	A. I don't know.Q. Was it more than once?A. I don't know.Q. Can you tell me any period of time
11 12 13 14	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to	9 10 11 12 13 14	 A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA?
11 12 13 14 15	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA?	9 10 11 12 13 14 15	 A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form.
11 12 13 14 15 16	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time	9 10 11 12 13 14 15 16	 A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall.
11 12 13 14 15 16	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity?	9 10 11 12 13 14 15 16 17	A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and
11 12 13 14 15 16 17	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in — in — in what time capacity? Q. The first time that you were	9 10 11 12 13 14 15 16 17 18	A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA?
11 12 13 14 15 16 17 18	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed.	9 10 11 12 13 14 15 16 17 18	A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job
11 12 13 14 15 16 17 18 19 20	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked	9 10 11 12 13 14 15 16 17 18 19 20	A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the — as an accountant and
11 12 13 14 15 16 17 18 19 20 21	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked to serve as treasurer for HCMFA the first time.	9 10 11 12 13 14 15 16 17 18 19 20 21	A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the – as an accountant and finance guy.
11 12 13 14 15 16 17 18 19 20 21 22	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked to serve as treasurer for HCMFA the first time. Q. By who? Who asked you to do that?	9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the — as an accountant and finance guy. Q. What specific duties and
11 12 13 14 15 16 17 18 19 20 21 22 23	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked to serve as treasurer for HCMFA the first time. Q. By who? Who asked you to do that? A. I don't recall.	9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the — as an accountant and finance guy. Q. What specific duties and responsibilities do you have as the treasurer
10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked to serve as treasurer for HCMFA the first time. Q. By who? Who asked you to do that?	9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the — as an accountant and finance guy. Q. What specific duties and

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumerExhibit2E4 FRage 9/09/221 Page 96 of 200 PageID 35557

Page 26	Page 27
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 that I can as the accounting and finance person	2 A. Idon't – Idon't know.
3 for HCMFA.	3 Q. You don't know?
4 Q. As the accounting and finance person	4 You're the treasurer of HCMFA but
5 for HCMFA, do you have any particular areas of	5 you don't know if HCMFA has a chief financial
6 responsibility?	6 officer.
7 A. Yeah, it is to manage the accounting	7 Do I have that right?
8 and finance function for HCMFA.	8 A. That's right.
9 Q. Would that include – do you have	9 Q. Okay. Have you heard of a company
10 responsibility for overseeing HCMFA's annual	10 called NexPoint Advisors?
11 audit?	11 A. Yes.
12 A. Can I please elaborate on my prior	12 Q. We will refer to that as NexPoint.
13 question?	13 Okay?
14 Q. Of course. You – you are giving	14 A. Okay.
15 answers. I'm asking questions.	15 Q. Were you ever employed by NexPoint?
16 A. Okay. Yes, so the – it – like I	16 A. I don't recall.
17 said, it is to manage the accounting finance	17 Q. Did you ever hold any title with
18 aspect, but I am, as we discussed, the	18 respect to the entity known as NexPoint?
19 treasurer. That is – being treasurer is what	19 A. Yes.
20 gives me that – that management function.	20 Q. What titles have you held in
21 Q. Does anybody report to you in your	21 relation to NexPoint?
22 capacity as treasurer of HCMFA?	22 A. Treasurer. I think it was only
23 A. I don't believe so.	23 treasurer.
Q. Does HCMFA have a chief financial	24 Q. Can you tell me the approximate year
25 officer?	25 you became the treasurer of NexPoint?
Page 28	Page 29
4 WATER IOLICE 40 40 04	
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 A. I don't know.	 WATERHOUSE - 10-19-21 Q. And you serve as an officer of
A. I don't know.Q. Are you still the treasurer of	1 WATERHOUSE - 10-19-21 2 Q. And you serve as an officer of 3 HCMFA; correct?
 A. I don't know. Q. Are you still the treasurer of NexPoint today? 	 1 WATERHOUSE - 10-19-21 2 Q. And you serve as an officer of 3 HCMFA; correct? 4 A. I think we went over that with my
 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for 	 1 WATERHOUSE - 10-19-21 2 Q. And you serve as an officer of 3 HCMFA; correct? 4 A. I think we went over that with my 5 testimony. Yes, I'm the acting treasurer for
 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. 	 WATERHOUSE - 10-19-21 Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA.
 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from 	 WATERHOUSE - 10-19-21 Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint;
 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? 	 WATERHOUSE - 10-19-21 Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct?
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume**Exhibit-18 Frlage01/006/22** Page 97 of 200 PageID 35558

	age 1 of 200 Page D 35556
Page 30 1 WATERHOUSE - 10-19-21	Page 31 1 WATERHOUSE - 10-19-21
2 Highland Capital Management Services, Inc.?	2 responsibilities as the acting treasurer for
3 A. Yes.	3 HCMS and the acting treasurer for NexPoint the
4 Q. We will refer to that as HCMS.	4 same as your duties and responsibilities in
5 Okay?	5 your role as the acting treasurer of HCMFA?
6 A. HCMS. Okay.	6 A. More or less.
7 Q. Were you ever employed by HCMS?	7 Q. Have you ever heard of a company
8 A. No.	8 called HCRE Partners, LLC?
9 Q. Have you ever held any titles in	9 A. Yes.
10 relation to HCMF – I apologize – HCMS?	10 Q. And do you understand that that
11 A. Yes.	11 entity is now known today as NexPoint Real
12 Q. What titles have you held in	12 Estate Partners?
13 relation to HCMS?	13 A. I did not know that.
14 A. Treasurer and acting treasurer.	14 Q. All right. Can we refer to HCRE
15 Q. When did you first become treasurer	15 Partners as HCRE?
16 or acting treasurer of HCMS?	16 MS. DANDENEAU: Objection to form.
17 A. I don't recall the exact dates.	17 Did you mean NexPoint Real Estate
18 Q. Can you recall – can you	18 Partners, Mr. Morris?
19 approximate the year that you became the	19 MR. MORRIS: No.
l	
21 A. Idon't – Idon't know.	21 MR. MORRIS: He said he wasn't
22 Q. Are you still the treasurer of HCMS	familiar that it was succeeded by that
23 today?	23 entity. So
24 A. I am the acting treasurer for HCMS.	24 MS. DANDENEAU: Okay.
25 Q. And are your duties and	25 MR. MORRIS: – let's go with what
Page 32	Page 33
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 the witness knows.	2 collectively as the retail funds; is that okay?
3 Q. You're familiar with an entity	3 A. Okay.
4 called HCRE Partners, LLC; correct?	4 Q. Each of the retail funds is governed
4 called HCRE Partners, LLC; correct? 5 A. Yes.	4 Q. Each of the retail funds is governed5 by a board; correct?
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumeExhiibit-18 Prage 01/106/21 Page 98 of 200 PageID 35559

1 WATERHOUSE 2 A. Okay. 3 Q. Okay. So do you 4 same people serve on the 5 retail funds? 6 A. I don't know. 7 Q. Were you ever en 8 retail funds? 9 A. No.	know whether the	2 3	WATERHOUSE - 10-19-21 respect to each retail fund.
3 Q. Okay. So do you 4 same people serve on the 5 retail funds? 6 A. I don't know. 7 Q. Were you ever en 8 retail funds? 9 A. No.			respect to each retail fund.
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5 retail funds? 6 A. I don't know. 7 Q. Were you ever en 8 retail funds? 9 A. No.	hoard of each of the	٦	Actually, let's do it a different
6 A. I don't know. 7 Q. Were you ever en 8 retail funds? 9 A. No.	board of caor of the	4	way. I withdraw the question.
7 Q. Were you ever en 8 retail funds? 9 A. No.		5	Can you give me one title you have
8 retail funds? 9 A. No.		6	in relation to any retail fund?
9 A. No.	nployed by any of the	7	A. Yes.
		8	Q. What title – what title can you
		9	give me?
10 Q. No?		10	A. Principal executive officer.
11 A. No.		11	Q. Do you serve as principal executive
12 Q. Okay. Do you ha	ave any title with	12	officer for each of the retail funds?
13 respect to any of the retail	funds?	13	A. No.
14 A. Yes.		14	Q. Can you identify for me the retail
15 Q. What titles do you	u hold —	15	funds in which you serve as the principal
16 withdrawn.		16	executive officer?
17 Do you have the sa	ame titles with	17	A. Yes. Highland Funds 1, Highland
18 respect to all of the retail fu		18	Funds 2, Highland Income Fund, Highland Global
19 they or just something e		19	Allocation Fund.
, ,	J: Objection to form.	20	Q. I'm sorry, you said "Global
21 Q. Withdrawn.	5. Objection to form.	21	Allocation Fund"?
22 Do you have the sa	ame title with	22	A. Yes.
23 respect to each of the reta		23	VIDEOGRAPHER: Excuse me,
24 A. No.	iii iui ius :	24	Mr. Morris. This is the videographer. I'm
	you have with	25	
25 Q. Tell me which title	e you have with	25	concerned about the lighting in the
1 WATERHOUSE	Page 36 - 10-19-21	1	Page 37 WATERHOUSE - 10-19-21
2 witness' camera.		2	A. 2021.
3 Do you want to go	off the record and	3	Q. Did you ever hold any title with
4 make some adjustmen		4	respect to any of the four funds you have just
5 MR. MORRIS: Su		5	identified other than principal executive
6 purpose. I don't want to		6	officer?
7 just started.	o tane a break. We	7	A. I don't recall.
,	J: Yeah, that is fine.	8	Q. Is it possible that you held a
		9	position or a title with the four funds you
	ig to put you on	١	·
10 mute. 11 MR. MORRIS: All	Lright	10	just identified prior to 2021? A. Yes.
	_		
	J: I'm going to try to	12	Q. But you don't recall if you did or
13 open up some of the s		13	not; do I have that right?
	R: We're going off the	14	A. No. You – I thought you asked, did
15 record at 10:08 a.m.	m to 10:11 a m \	15	I hold other titles.
16 (Recess taken 10:08 a	·	16	Q. Did you hold any title at the four
	R: We are back on the	17	retail funds for which you now serve as
18 record at 10:11 a.m.		18	principal executive officer at any time prior
19 Q. Mr. Waterhouse,	•	19	to 2021?
20 the principal executive offi		20	A. Yes.
21 retail funds that you just id	entified?	21	Q. What titles did you hold?
22 A. I don't recall.		22	A. I don't recall all the titles.
23 Q. Do you recall the	• •	23	Q. Do you recall any of the titles?
24 that you became the princ	cipal executive officer	24	A. Yes.
25 of the four funds?		25	Q. What titles do you recall holding at

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumeExhiibit-18 Prage 01/206/1/281 Page 99 of 200 PageID 35560

Page 38 1 WATERHOUSE - 10-19-21	Page 39 1 WATERHOUSE - 10-19-21
2 those four retail funds before 2021?	2 treasurer of the advisors, you also serve as
3 A. Principal executive officer.	3 the principal executive officer of these four
4 Q. Were you the principal executive	4 retail funds; correct?
5 officer of the four retail funds that you have	5 A. Yes.
6 identified?	6 Q. Did you ever hold any title with
7 A. Sorry, could you repeat the	7 respect to any other retail fund?
8 question?	8 A. Not that I recall.
9 Q. Were you the principal executive	9 Q. During the period that you served as
10 officer for each of the four retail funds that	10 Highland's CFO, from time to time Highland
11 you have identified?	11 loaned money to certain of its officers and
12 A. Yes.	12 employees; correct?
13 Q. When did you become the principal	13 A. Yes.
14 executive withdrawn.	14 Q. During the period that you served as
15 Can you give me the approximate year	15 Highland's CFO, from time to time Highland
16 that you became the principal executive officer	16 loaned money to certain –
17 for each of the four retail funds you've	17 A. Let me – let me retract that,
18 identified?	18 sorry, that – you asked during the time I was
19 A. I don't recall.	19 CFO, Highland loaned moneys to employees. I
20 Q. What are your duties and	20 don't – I don't recall that during my tenure
21 responsibilities as the principal executive	21 of CFO.
22 officer of these four retail funds?	22 Q. You have no recollection during the
23 A. It is to manage the finance and	23 time that you were the CFO of Highland of
24 accounting positions.	24 Highland ever loaning any money to any officer
25 Q. So at the same time you serve as the	25 or director of Highland?
Page 40 1 WATERHOUSE - 10-19-21	Page 41 1 WATERHOUSE - 10-19-21
2 A. I don't recall during my tenure of	2 loaned money to certain corporate affiliates;
 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 	2 loaned money to certain corporate affiliates;3 correct?
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2 who an affiliate was or is at the time those – 3 I didn't – that wasn't my job to make a 4 determination of who an affiliate is. 4 A. I don't – again, I'm not – I'm not 5 Q. All right. So as the CFO of 5 the legal expert. I don't think it controls – 6 Highland, do you have any ability right now to 7 tell me which companies that were directly or 8 indirectly owned and/or controlled by 8 Q. I'm not asking you for a legal 9 Mr. Dondero in whole or in part received loans 10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 17 Mr. Dondero in whole or in part that received a 18 loan from Highland Capital Management, L.P. 19 MR. RUKAVINA: Objection, legal 20 conclusion. 21 MS. DANDENEAU: Objection to form. 22 MS. DANDENEAU: Objection to form. 23 Q. I said owned and/or controlled. 24 definition – 3 Q. I said owned and/or controlled. 4 A. I don't — again, I'm not — I'm not 5 the legal expert. I don't think it controls — 6 he controls Dugaboy, so again, I'm not the 7 legal expert. I don't think it controls — 8 Dugaboy. Sony, I don't don't think that 19 conclusion. 20 definition — 3 Q. I said owned and/or controlled. 3 Q. I'm not asking you for a legal 4 A. I don't — again, I'm not — I'm not 5 the legal expert. I don't think it controls — 6 he controls Dugaboy, so again, I'm not the 7 legal expert. I don't think it controls — 7 legal expert. I don't think it controls — 8 Q. I'm not asking you for a legal 9 conclusion, sir. I'm asking you for a legal 9 conclusion, sir. I'm asking you for a legal 9 conclusion, sir. I'm asking you for a legal 9 conclusion, sir. I'm asking you for a legal 9 conclusion, sir. I'm asking you for a legal 9 conclusion, sir. I'm asking you for a legal 9 conclusion, sir. I'm asking you for a legal 9 conclusion, sir. I'm asking you for a legal 9 conclusion, sir. I'm asking you for a legal 9 conclusion, s	Page 42	Page 43
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14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 17 Mr. Dondero in whole or in part by Jim Dondero who received a 18 loan from Highland Capital Management, L.P. 19 MR. RUKAVINA: Objection, legal 20 conclusion. 21 A. NexPoint Advisors, Highland Capital 22 Management Fund Advisors, Highland Capital 23 Dugaboy. Sorry, I don't think—Dugaboy 24 doesn't fit that definition. You said owned 25 and controlled. I don't think that that 26 WATERHOUSE - 10-19-21 27 Q. Okay. Can we refer to the four 28 entities that you just named and Mr. Dondero as 29 the affiliates 29 Q. And HOMS? 30 A And HOMS, okay. 40 Q. And on we refer to the loans that 41 were given to each of those affiliates as the 42 doesn't fit fit is say that each of 43 Pes. 44 Pes. 45 A Yes. 46 MR. RUKAVINA: Objection legal 47 C. And is it fair to say that each of 48 R. RUKAVINA: Objection to the 49 A The to san't fit in say that each of 40 Q. And can we refer to the form? 40 A The tiff is men. 41 Were given to each of those affiliates as the 41 G. And is it fair to say that each of 41 Wh. R. RUKAVINA: Objection to the 42 MR. RUKAVINA: Objection to the 43 A The tiff is men. 44 J. A. Sorry, can you repeat the question? 45 A The tiff is fine. 46 A HOR. 47 A The tiff is girl and Capital Management 47 A Sorry, can you repeat the question? 48 A Yes. 49 A The tiff is fair to say that each of 40 A. Ard is it fair to say that each of 41 the term, gave to Highland a promisory note in 49 A. The Dornovers are whoever were on 40 A. A The Control Honk. 40 A. A The don't know. I'm not 41 the legal person. 41 C. And is it fair to say that each of 42 the legal person. 43 A. Idon't How don't know that? 44 A. The Dornovers are whoever were on 45 A. The don't know. 46 A. The torn the off the bankruptcy	•	12 NexPoint, HCMFA, and HCMF – HCMS, can you
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 2F4 FRage 1/49/12431 Page 101 of 200 PageID 35562

	Page 46 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 47
2	promissory notes that were signed by each of	2	state that now.	
	the affiliates?	3	MS. DANDENEAU: You know, and,	
4	A. Yes.	4	Mr. Morris, I really object to that. I	
5	Q. To the best of your knowledge,	5	mean	
6	during the time that you served as Highland's	6	MR. MORRIS: Okay.	
	CFO, did Highland disclose to its outside	7	MS. DANDENEAU: - Mr. Waterhouse	
	auditors all of the loans that were made to	8	just told you he's trying to listen to your	
9	affiliates?	9	questions and answer them carefully, and	
10			•	
	MR. RUKAVINA: Objection, that calls	10	you have no basis for saying that.	
11	for a legal conclusion.	11	MR. MORRIS: Okay.	
12	MS. DEITSCH-PEREZ: I also couldn't	12	MS. DANDENEAU: This does not -	
13	hear you, John, because there was some	13	this is not an experienced witness, so he's	
14	garbling on – on the – on the call.	14	trying to do the best he can.	
15	MR. MORRIS: Folks, I've got to tell	15	Q. Mr. Waterhouse, during the time that	
16	you this is not going well, and I'm	16	you served as Highland's CFO, did Highland	
17	reserving my right –	17	disclose to its outside auditors all of the	
18	MS. DANDENEAU: John, it was just	18	loans that it made to each of the affiliates	
19	the end of that question. It was just the	19	that you have identified?	
20	end of that question. I couldn't hear it	20	MR. RUKAVINA: Objection, legal	
21	either. Sorry, if you could repeat it,	21	conclusion.	
22	please.	22	A. Yes.	
23	MR. MORRIS: That is less than an	23	Q. To the best of your knowledge, while	
24	hour into this, but folks are trying to run	24	you were Highland's CFO, were all of the	
25	out the clock, and so I'm just going to	25	affiliate loans described in Highland's audited	
	Page 48			age 49
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2				
	financial statements?	2	conclusion.	
3	MR. RUKAVINA: Objection, legal	2	A. Yes.	
4	MR. RUKAVINA: Objection, legal conclusion.	2	A. Yes.Q. You are not aware of any loan that	
	MR. RUKAVINA: Objection, legal conclusion. A. When an audit was performed, any	2	A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where	
4	MR. RUKAVINA: Objection, legal conclusion.	2 3 4	A. Yes.Q. You are not aware of any loan that	
4 5 6	MR. RUKAVINA: Objection, legal conclusion. A. When an audit was performed, any	2 3 4 5	A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where	
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 254 FRage 1/59/2431 Page 102 of 200 PageID 35563

1 WATERHOUSE - 10-19-21 2 Q. Do you recall if Mr. Okada paid back 3 all principal and interest due and owing under 4 any loan he obtained from Highland? 5 MS. DEITSCH-PEREZ: Objection to 6 form. 7 MS. DANDENEAU: Objection to form. 8 A. I don't recall. 9 Q. Do you recall whether – during your 10 time as CFO, whether Highland ever loaned money 11 to Jim Dondero? 12 A. Yes. 13 Q. To the best of your knowledge, did 14 Mr. Dondero sign and deliver to Highland a 15 promissory note in connection with each loan 16 that he obtained from Highland? 17 A. If you are referring to the 18 promissory notes that, you know, part of 18 A. Not that I'm aware. 19 I WATERHOUSE - 10-19-21 2 loan? 3 Q. Without giving a – let me ask a 4 better question. I'm sorry, Mr. Waterhouse. 5 Are you aware of any loan that 6 Mr. Dondero obtained from Highland where he 7 didn't give a promissory note in return? 8 A. I'm not aware. 9 Q. During the time that you served as 10 Highland's CFO, did Highland ever forgive any 11 loans, in whole or in part, that it made to 12 A. Yes. 13 Q. To the best of your knowledge, did 14 A. Not that I'm aware. 15 Highland's CFO, did Highland ever forgive any 16 loan, in whole or in part, that it made to any 17 A. If you are referring to the 18 A. Not that I'm aware.	?age 51
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17 A. If you are referring to the 18 promissory notes that, you know, part of 19 affiliate as we've defined the term today? 19 A. Not that I'm aware.	
18 promissory notes that, you know, part of 18 A. Not that I'm aware.	
19 Highland's records, yes. 19 Q. During the time that you served as	
20 Q. Okay. You're not aware of any loan 20 Highland's CFO, did Highland ever forgive, in	
21 that Mr. Dondero took from Highland that wasn't 21 whole or in part, any loan that it ever made to	
22 backed up by – by a promissory note with a 22 any officer or employee?	
23 face — with a principal amount equal to the 23 A. Highland forgave loans to officers	
24 amount of the loan; correct? 24 and employees. It may not have been at the	
25 A. Am I aware that Jim Dondero took a 25 time when my title was CFO.	
, ,	
Page 52 P 1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21	age 53
2 Q. Okay. And so I appreciate the 2 that were of – you know, that were deemed	
3 distinction. 3 immaterial, those items may not have been	
4 Is it fair to say that, to the best 4 disclosed by the team to the auditors.	
5 of your knowledge, Highland did not forgive a 5 Q. I appreciate that.	
L 6 loan that it made to an officer or employee 6 Do you have an understanding as to	
6 loan that it made to an officer or employee 6 Do you have an understanding as to 7 after 2013? 7 what the level of materiality was?	
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Case 5.21-CV-00001-A DUCUME EEXIMIRZEA FI	
Page 54 1 WATERHOUSE - 10-19-21	Page 55 1 WATERHOUSE - 10-19-21
2 affiliates, as we've defined the term, to	2 Mr. Dondero we will call Mr. Dondero. Okay?
3 collect under certain promissory notes; is that	3 A. Okay. Thank you. As you can see,
4 right?	4 Mr. Morris, there is a lot of entities – a lot
5 A. Yes.	5 here. I just want to be clear.
6 Q. And are you familiar with the notes	6 Q. Okay. Now, the affiliates of
7 that are issue – at issue in the lawsuits?	•
8 MS. DANDENEAU: Objection to form.	7 Mr. Dondero signed promissory notes that are8 not subject to the lawsuit.
•	•
9 A. Generally familiar.10 Q. Can we refer to the lawsuits that	9 Do you understand that?10 MS. DANDENEAU: Objection to form.
	11 A. The affiliates and Mr. Dondero
11 Highland has commenced against the affiliates	
12 collectively as the lawsuits?13 A. Yes. And, again, the affiliates are	12 signed –13 Q. You know what? I will skip it.
	· '
14 NexPoint, HCMFA, HCMS, and HCRE.15 Q. And Mr. Dondero?	14 That is okay. Okay.
	15 From time to time while you were
16 A. Okay. See, that is a new – and now	16 Highland's CFO, payments were applied against
17 Mr. Dondero is included in your affiliate	17 principal and interests that were due under the
18 definition.	18 notes that were tendered by the affiliates and
19 Q. ljust –	19 Mr. Dondero; correct?
20 A. I thought affiliates – I thought	20 MR. RUKAVINA: Objection to the
21 affiliates were just the four prior entities,	21 extent that calls for a legal conclusion.
22 so I just want to be clear.	22 A. Yes.
23 Q. I appreciate that. So let's	23 Q. Did Highland have a process where –
24 let's keep them separate and let's refer to the	24 whereby payments would be applied against
25 four corporate entities as the affiliates, and	25 principal and interest against the notes that
D F0	D 57
Page 56	Page 57
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 were given by the affiliates and Mr. Dondero?	1 WATERHOUSE - 10-19-21 2 A. Did I approve the payments? I
1 WATERHOUSE - 10-19-21 2 were given by the affiliates and Mr. Dondero? 3 A. Yes.	1 WATERHOUSE - 10-19-21 2 A. Did I approve the payments? I 3 approve – I approve – if there was cash – if
 WATERHOUSE - 10-19-21 were given by the affiliates and Mr. Dondero? A. Yes. Q. Can you describe the process for me? 	1 WATERHOUSE - 10-19-21 2 A. Did I approve the payments? I 3 approve — I approve — if there was cash — if 4 there was cash being repaid on a note payment,
 WATERHOUSE - 10-19-21 were given by the affiliates and Mr. Dondero? A. Yes. Q. Can you describe the process for me? A. The process, payment should be 	1 WATERHOUSE - 10-19-21 2 A. Did I approve the payments? I 3 approve — I approve — if there was cash — if 4 there was cash being repaid on a note payment, 5 yes, I approved in the general sense of being
 WATERHOUSE - 10-19-21 were given by the affiliates and Mr. Dondero? A. Yes. Q. Can you describe the process for me? A. The process, payment should be applied as laid out in the – in the promissory 	1 WATERHOUSE - 10-19-21 2 A. Did I approve the payments? I 3 approve — I approve — if there was cash — if 4 there was cash being repaid on a note payment, 5 yes, I approved in the general sense of being 6 made aware of the payment and the amount.
 WATERHOUSE - 10-19-21 were given by the affiliates and Mr. Dondero? A. Yes. Q. Can you describe the process for me? A. The process, payment should be applied as laid out in the – in the promissory note. 	1 WATERHOUSE - 10-19-21 2 A. Did I approve the payments? I 3 approve — I approve — if there was cash — if 4 there was cash being repaid on a note payment, 5 yes, I approved in the general sense of being 6 made aware of the payment and the amount. 7 Q. And are you the person who
 WATERHOUSE - 10-19-21 were given by the affiliates and Mr. Dondero? A. Yes. Q. Can you describe the process for me? A. The process, payment should be applied as laid out in the – in the promissory note. Q. From time to time were payments made 	1 WATERHOUSE - 10-19-21 2 A. Did I approve the payments? I 3 approve — I approve — if there was cash — if 4 there was cash being repaid on a note payment, 5 yes, I approved in the general sense of being 6 made aware of the payment and the amount. 7 Q. And are you the person who 8 authorized Highland's employees to effectuate
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 1 WATERHOUSE - 10-19-21 2 were given by the affiliates and Mr. Dondero? 3 A. Yes. 4 Q. Can you describe the process for me? 5 A. The process, payment should be 6 applied as laid out in the – in the promissory 7 note. 8 Q. From time to time were payments made 9 that were not required under the promissory 10 notes? 	1 WATERHOUSE - 10-19-21 2 A. Did I approve the payments? I 3 approve — I approve — if there was cash — if 4 there was cash being repaid on a note payment, 5 yes, I approved in the general sense of being 6 made aware of the payment and the amount. 7 Q. And are you the person who 8 authorized Highland's employees to effectuate 9 those payments? 10 A. Yes.
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Page 58	Page 59
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 interest due under one of the notes that was	2 A. I don't recall specifically.
3 tendered by an affiliate or himself should not	3 Q. Do you recall what year it was?
4 have been made?	4 A. Yes.
5 A. Yes.	5 Q. What year did the conversation with
6 Q. Can you identify the payment for me?	6 Mr. Dondero take place that you just described?
7 A. It would be for – for NexPoint	7 A. 2020.
8 Advisors.	8 Q. Okay. Do you remember if it was
9 Q. Okay. And when did Mr. Dondero tell	9 December 2020?
10 you that a payment that you had initiated on	10 A. It it I don't I don't
11 behalf of NexPoint should not have been made?	11 recall what month specifically, but it would
12 A. I wasn't initiating payment. It was	12 have been November or December.
13 in the context of the – I think you used this	13 Q. And we're talking here about a
14 term, "the advisors," so NexPoint Advisors and	14 payment of principal and/or interest that was
15 Highland Capital Management Fund Advisors had	15 due – withdrawn.
16 overpaid on certain agreements with Highland	16 We're talking here about a payment
17 Capital Management, L.P. And as a part of that	17 of principal and interest that was applied
18 process, the advisors – what I was told at the	18 against NexPoint's note; correct?
19 time were in talks and negotiations and	19 MS. DANDENEAU: Objection to form.
20 discussions with Highland Capital Management,	20 A. I don't recall what that payment
21 L.P., on offsets in relation to those	21 consisted of.
22 overpayments.	22 Q. Is it possible that the payment you
23 Q. When did this conversation take	23 have in mind related to the shared services
24 place?	24 agreement?
25 MS. DANDENEAU: Objection to form.	25 MS. DANDENEAU: Objection to form.
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Page 60 1 WATERHOUSE - 10-19-21	Page 61 1 WATERHOUSE - 10-19-21
2 A. No.	2 A. Yes, generally.
1.3 U Are volucertain that the payment –	3 O Can you identify any loan that was
3 Q. Are you certain that the payment – 4 that the payment that you have in mind related	Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero
4 that the payment that you have in mind related	4 ever made to an affiliate or to Mr. Dondero
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	Page 62			Page 63
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	. ago oo
2	that were made to one of the affiliates or	2	that was made against principal and interest on	
3	Mr. Dondero during the time that you were the	3	any note tendered by any affiliate or	
4	CFO was made without Mr. Dondero's prior	4	Mr. Dondero that you didn't know about in	
5	knowledge and approval?	5	advance?	
6	A. Not that I recall.	6	A. I don't recall.	
7	Q. Thank you. In fact, do you as	7	Q. Other than Mr. Dondero – withdrawn.	
8	the CFO, would you have allowed Highland to	8	Did anybody at Highland have the	
9	loan money to an affiliate or to Mr. Dondero	9	authority to make a payment against principal	
10	without obtaining Mr. Dondero's prior approval?	10	and interest due under a loan given to the	
11	MS. DANDENEAU: Objection to form.	11	affiliates and Mr. Dondero without your	
12	A. I can't – there was so many times	12	knowledge and approval?	
13	over the years, I can't speak for every single	13	MS. DANDENEAU: Objection to form.	
14	one, but generally, yes, I I spoke to him.	14	A. Sorry, there was – to make a	
15	Q. You – you never – you never –	15	payment on an affiliate loan, what you are	
16	withdrawn. I will just take that.	16	saying would it require my knowledge and	
17	Can you recall any payment that was	17	approval, yes.	
18	ever made against principal and interest on a	18	Q. Okay. I appreciate that. Thank	
19	note that was issued in favor of Highland by an	19	you.	
20	affiliate or Mr. Dondero that you personally	20	Did anybody at Highland have the	
21	did not know about in advance?	21	authority, to the best of your knowledge, to	
22	A. There are so many through the years,	22	effectuate a loan to an affiliate without	
23	I don't I don't I don't recall every	23	Mr. Dondero's prior knowledge and approval?	
24	single one.	24	MS. DANDENEAU: Objection to form.	
25	Q. Okay. Can you identify any payment	25	A. I can't speak for all, but	
	Page 64			Page 65
1	Page 64 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 65
1 2		1 2	WATERHOUSE - 10-19-21 A. Not that I recall.	Page 65
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîtît FRage 1/99/2431 Page 106 of 200 PageID 35567

1	Page 66 WATERHOUSE - 10-19-21	1	Page 6 WATERHOUSE - 10-19-21
2	terms of the agreement?	2	Q. Do you know anything about – do you
3	A. That there were certain milestones	3	know what promissory notes the agreement
4	that had to be reached.	4	covered?
5	Q. Do you have any understanding of the	5	A. I don't.
6	terms of the agreement between Mr. Dondero and	6	Q. Do you know if – if Jim and Nancy
7	Nancy Dondero concerning any of the notes	7	Dondero entered into one agreement or more than
8	issued by the affiliates or Mr. Dondero other	8	one agreement?
9	than that there have to be milestones reached?	9	MS. DEITSCH-PEREZ: Object to the
10	MS. DEITSCH-PEREZ: Object to the	10	form.
11	form.	11	A. I don't know.
12	A. There are milestones, I found out	12	Q. Do you know if the agreement is in
13	yesterday, or there was some –	13	•
14	MS. DANDENEAU: Okay. I'm just	14	A. I don't know.
15	going to object to the extent that you	15	Q. How did you learn of the existence
16	learned anything in conversations with	16	of the agreement?
17	counsel, please don't reveal – that is	17	MS. DANDENEAU: Objection to form.
18	privileged, and don't reveal any privileged	18	Again -
19	communications.	19	A. I don't I don't recall who told
20	THE WITNESS: Okay.	20	me.
21	A. So I'm not aware of anything else.	21	Q. You have no recollection of who told
22	Q. Do you know what the milestones	22	you about this agreement between Jim and Nancy
23	•	23	Dondero?
23 24	MS. DANDENEAU: Objection to form.	24	MS. DEITSCH-PEREZ: Object to the
2 - 25	A. I don't.	25	form.
20	A. Tuont.	20	ioiii.
1	Page 68 WATERHOUSE - 10-19-21	1	Page 6 WATERHOUSE - 10-19-21
2	A. I don't recall.	l '	
3		2	where you understood that certain milestones
		2	where you understood that certain milestones
	Q. Do you recall how you learned of the	3	had to be reached. Okay?
4	Q. Do you recall how you learned of the agreement?	3 4	had to be reached. Okay? A. Uh-huh.
4 5	Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a	3 4 5	had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection.
4 5 6	Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email?	3 4 5 6	had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîbit 254 FRage 2/09/2431 Page 107 of 200 PageID 35568

1	Page 70 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	ge 71
2	about the agreement in a meeting, through an	2	A. I don't remember the – I mean, it	
3	email, or through a phone call.		was sometime in 2021. I don't remember when.	
4	Do I have that right?	4	Q. All right. So to the best of your	
5	A. I don't recall.	5	recollection, it was in 2021 but you don't	
6	Q. Can you tell me when you learned of	6	recall if it was before or after you ceased to	
7	the agreement?	7	be a Highland employee.	
8	A. I don't I don't	8	Do I have that right?	
			•	
9	remember specifically.	9	A. Yeah, I mean, it was – it was	
10	Q. Can you tell me if you learned of	10	likely after I was – after I left Highland	
11	the agreement before or after the petition	11	because, if I put myself back into the last	
12		12	days of – of 2021, it was – you know, the	
13	A. It would have been – it would have	13	communications with Mr. Dondero were were	
14	been after.	14	were - there weren't as many communications	
15	Q. Can you tell me if you learned of	15	because of the circumstances.	
16	the agreement before or after January 9th,	16	Q. And so based on that you believe	
17	2020?	17	that it is most likely that you learned of this	
18	A. It would have been after.	18	agreement sometime after you left Highland	
19	Q. Can you tell me if you learned of	19	employment?	
20	the agreement before or after you left Highland	20	A. I wouldn't use the term "most	
21	Capital Management in February of 2021?	21	likely." I don't recall specifically. I don't	
22	A. I don't – I don't – I don't know.	22	recall.	
23	Q. It is possible that you learned of	23	Q. Do you recall ever telling Jim Seery	
24	it while you were a Highland employee.	24	about this agreement?	
25	Do I have that right?	25	A. No, I don't — I didn't tell	
_	Page 72	_		ge 73
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	Jim Seery.	2	at 11:02 your time. Let's come back, I	
3	Q. Did you tell anybody at DSI about	3	guess, at 15 – at 11:15 your time.	
4	this agreement?	4	VIDEOGRAPHER: We're going off the	
5	A. No.	5	record at 11:02 a.m.	
6	Q. Did you tell any of Highland's	6	(Recess taken 11:02 a.m. to 11:20 a.m.)	
7	independent directors about this agreement?	7	VIDEOGRAPHER: We are back on the	
8	A. No.	8	record at 11:20 a.m.	
9	Q. Did you tell anybody at Pachulski	9	Q. Mr. Waterhouse, did you speak with	
10	Stang Ziehl & Jones about this agreement?	10	anybody during the break about this deposition?	
11	A. No.	44	A. No.	
	7. 110.	11		
12		12	MS. DANDENEAU: Other than - other	
	Q. Did you tell any employee of	12		
13	Q. Did you tell any employee of Highland about this agreement?	12 13	than his counsel.	
13 14	Q. Did you tell any employee ofHighland about this agreement?A. No.	12 13 14	than his counsel. Q. Did you speak to your counsel about	
13 14 15	Q. Did you tell any employee ofHighland about this agreement?A. No.MS. DANDENEAU: Mr. Morris, it has	12 13 14 15	than his counsel. Q. Did you speak to your counsel about the substance of your deposition today?	
13 14 15 16	 Q. Did you tell any employee of Highland about this agreement? A. No. MS. DANDENEAU: Mr. Morris, it has been an hour and a half. Is this a good 	12 13 14 15 16	than his counsel. Q. Did you speak to your counsel about the substance of your deposition today? A. No, I didn't bring it up.	
13 14 15 16 17	 Q. Did you tell any employee of Highland about this agreement? A. No. MS. DANDENEAU: Mr. Morris, it has been an hour and a half. Is this a good time for a break? 	12 13 14 15 16 17	than his counsel. Q. Did you speak to your counsel about the substance of your deposition today? A. No, I didn't bring it up. Q. I didn't ask you if you brought it	
13 14 15 16 17 18	 Q. Did you tell any employee of Highland about this agreement? A. No. MS. DANDENEAU: Mr. Morris, it has been an hour and a half. Is this a good time for a break? MR. MORRIS: Sure. 	12 13 14 15 16 17 18	than his counsel. Q. Did you speak to your counsel about the substance of your deposition today? A. No, I didn't bring it up. Q. I didn't ask you if you brought it up. I asked you if you had any conversation	
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîbit 2F4 FRage 2/10 2/2 131 Page 108 of 200 PageID 35569

1	Page 7 WATERHOUSE - 10-19-21	4 1	WATERHOUSE - 10-19-21	Page 75
2	privileged conversation.	2	have to.	
3	MR. MORRIS: So I just want to make	3	Q. Mr. Waterhouse, after learning about	
4	sure that I understand. During the break	4	the agreement, did you ask anybody if the	
5	you spoke with your client about the	5	agreement was reflected in a writing?	
6	substance of this deposition; is that	6	MS. DANDENEAU: Objection to form.	
7	right?	7	A. No.	
8	MS. DANDENEAU: Yes, John.	8	Q. Did you ask anybody if the terms of	
9	MR. MORRIS: And you refuse – you	9	the agreement were memorialized anywhere?	
l	· · · · · · · · · · · · · · · · · · ·		•	
10	,	10	MS. DANDENEAU: Objection to form.	
11	discussed; is that right?	11	MR. MORRIS: What is the –	
12		12		
13		13	MS. DANDENEAU: Well, because you	
14	•	14		
15	•	15	I – I think, Mr. Morris, that is really	
16	• •	16	not clear what you mean by "the agreement."	
17	MS. DANDENEAU: No, you didn't	17	And maybe you can just go back and restate	
18	actually, that is not true, Mr. Morris.	18	what that is.	
19	You said not to speak with anyone. We	19	MR. MORRIS: Okay. Your client has	
	never have interpreted that to mean	20	agreed with me twice on the definition, but	
21	conversations with counsel. That's never	21	I will try one more time.	
22	been - I have never, ever heard that	22	Q. Mr. Waterhouse, do you understand	
23		23	that when I use the term "agreement," I'm	
24	MR. MORRIS: Okay. We will – we	24	referring to the agreement between Jim and	
l	will – we will deal with it when and if we	25	Nancy Dondero concerning certain promissory	
	Page 7	6		Page 77
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	notes where you learned that one of the terms	2	MR. MORRIS: You know what, you	
3	of the agreement was milestones reached?	3	guys, this is really wrong. It is really,	
4	A. Okay.	4	really wrong. Okay?	
5	Q. And did you understand that that was	5	I had the witness agree not once,	
6	the – the agreement that we were referring to	6	but twice to the definition of agreement.	
7		7	Okay? I'm going to try and do it a third	
8	deposition?	8	time.	
9	A. I don't know anything about this	9	MS. DANDENEAU: No, but, please,	
10		10	John, really	
11	know whether —	11	MR. MORRIS: No, please stop	
12		12	• • • • • • • • • • • • • • • • • • • •	
13	, 0	13	Object to questions.	
	·	14	MS. DANDENEAU: No, but also you	
14			•	
15		15	, and the second	
16	,	16	going – if you were interrupting him, that	
47		17	he should remind you that you're	
17	•••	4.0	interrupting him and – and –	
18	the witness finish.	18	. •	
18 19	the witness finish. MR. MORRIS: Please stop. Please	19	MR. MORRIS: Let him do that. Let	
18 19 20	the witness finish. MR. MORRIS: Please stop. Please stop. Please stop talking.	19 20	MR. MORRIS: Let him do that. Let him do that.	
18 19 20 21	the witness finish. MR. MORRIS: Please stop. Please	19 20 21	MR. MORRIS: Let him do that. Let him do that. MS. DANDENEAU: Okay. Well, you	
18 19 20	the witness finish. MR. MORRIS: Please stop. Please stop. Please stop talking.	19 20	MR. MORRIS: Let him do that. Let him do that.	
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1 WATERHOUSE-10-19-21 2 don't know who, I don't know when, as you 3 asked, sometime in 21, someone told me about 4 tits—or I don't honestly know — I don't 5 even recall exactly how I was made aware of 6 this, but I was I don't know — I don't brow 7 any of these delais, and I'm gelfing — again, 8 there is, you know, I – I – I had a passing 9 conversation with — with J lim at some point 10 on — on some — on the executive comp, and firm 11 getting confused of what is what, because 12 again, i don't know any of these delais. 13 Q. Okay, Let me't y again. 14 Mr. Waterhouse, and I apologize. 15 An eyou aware of any agreement 16 between Jim Dondero and Nancy Dondero 17 concerning any promissory note that was give 18 to Hipliand by any effiliate or Mr. Dondero? 19 MS. DETSCH-PEREZ: Object to the 10 form. 21 A. Ne heard of an agreement. That 22 is—thate 1- imean, if you are using aware 23 as heard, sure. 24 Q. And you understand that one of the 25 terms of the agreement is that it was based on 1 WATERHOUSE - 10-19-21 2 form. 2 MS. DANDENEAU: Object to the form. 2 MS. DANDENEAU: Object to the form. 2 MS. DANDENEAU: Object to the form. 2 MS. DETSCH-PEREZ: Object to the 2 agreement of the delais. In the agreement. 3 You understand that one of the 4 agreement of the delais. In the service of the agreement. 4 A. I don't – I heard about the 5 agreement is that it was based on 1 WATERHOUSE - 10-19-21 2 form. 3 Q. You can answer. 4 A. I don't – I heard about the 5 agreement is that it was based on 2 MS. DANDENEAU: Object to the form. 3 VATERHOUSE - 10-19-21 4 want to be dear that in every would have asked 4 you understand that one of the 5 agreement it forth in wow any personal knowledge 6 there was an agreement. That is – again, as I 7 testified before – I said before, heard about it is a don't the weak of the agreement. 5 A forth we details. I believe it was 9 sometime the year. 10 Q. Do you have any personal know	1				Page 79
3 right? 4 this—or I don't honestly know – I don't sown ceal exactly how I was made aware of 6 this, but I was. I don't know—I don't know – I don't know any of these detals, and me general that had a term in It concerning 9 conversation with – with J mit at some point 10 on – on some – on the executive comp, and I'm 11 getting confused of what is what, because 12 again, it contin know any of these detals. 13 Q. O kkay, Let me try again, 10 Q. Didy us ake any questions at all? 11 not it was in writing? 12 A. I did not. 13 Q. Did you ask any questions at all? 13 Q. Did you ask any questions at all? 14 Mrs. DANDENEAU: Objection to form. 15 A. Not that I recall. 16 between Jimi Dondero and Nancy Dondero 16 Dondero? 18 A. Not that I recall. 16 Dondero and Nancy Dondero 17 Concerning any promissary note that was given 18 to Highland by any affiliate or Mr. Dondero? 19 Mrs. DEITSCH-PEREZ: Object to the 19 you were – 20 Mrs. DANDENEAU: Object to the form. 21 A. Ne heard of an agreement. That 22 is – that is – I mean, if you are using aware 23 as heard, sure. 22 Q. Okay, You don't have any personal 23 knowledge concerning the terms of the 24 agreement, come of the greement shall was based on 25 Mrs. DEITSCH-PEREZ: Object to the 21 ms. Defined the details. I believe it was 9 sometime this year. 10 Q. Do you have any personal knowledge 11 through this knowledge about the – who 6 was told about the existence of the agreement? 11 through this kode, I had not intention of 12 burdening you or taking your time, but that is 13 A. Other fram with have previously 13 because certain of the defendants identified 14 because certain of the defendants identified 15 goue seal that you recall the source of your 18 inchmation when you learned about the 19 guy. I really do. 20 Mrs. DEITSC		Page 78 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	rage 79
4 MS_DANDENEAU. Objection to form. 5 even recall exactly how I was made aware of 6 this, but I was. I don't know. I don't know 7 any of these details, and I'm getting – again, 8 there is, you frow, I – I – I had a passing 9 conversation with – with Jim at some point 10 on – on some – on the executive comp, and I'm 11 getting continued of what is what, because 12 again, I don't know any of these details. 13 Q. Okay, Let me by again, 14 Mr. Waterhouse, and I apologize. 15 Are you aware of any agreement 16 between Jim Dondero and Nancy Dondero 17 concerning any promissory note that was given 18 to Highland by any affiliate or Mr. Dondero? 19 MS. DETISCH-PEREZ: Object to the 20 form. 21 A. Ne heard of an agreement. That 22 is—that is—I mean, if you are using aware 23 as heard, sure. 24 Q. And you understand that one of the 25 terms of the agreement is that it was based on 26 terms of the agreement is that it was based on 27 was an agreement. If als — again, as I 28 terms of the agreement is that it was based on 29 wile some that was in writing? 20 form. 21 WATERHOUSE – 10-19-21 22 form. 23 Q. Okay, You can ariswer. 3 Q. You can ariswer. 4 A. I don't—I heard about the 5 agreement is that it was based on 28 was to a dear that one of the 29 generation of the agreement is that it was based on 29 wile appeared that one of the 29 generation of the defandation of the three was an agreement. I had the one of the three was an agreement in the original of the	2	don't know who, I don't know when, as you	2	milestones that had to be reached; is that	
Sevenerical exactly how I was made aware of 8 this, but I was 1 florn't horw — I don't know 6 this, but I was 1 florn't horw — I don't know 6 this, and fingeting — again, 8 there is, you know, I — I — I had a passing 9 conversation with — with Jim a storme point 10 on — on some — on the executive comp, and I'm 11 getting contribused of what is what, because 12 again, I don't know any of these details. 13 Q. Okay, Let me by again, 14 Mr. Waterhouse, and I apologize. 15 A rey ou aware of any agreement 16 between Jim Dondero and Nancy Dondero 17 concerning any promissory note that was sident 18 to Highland by any affiliate or Mr. Dondero? 18 NS. DEITSCH-PEREZ: Object to the 19 you were — 19 MS. DEITSCH-PEREZ: Object to the 20 ms. 22 is — that is — I mean, if you are using aware 23 as heard, sire. 21 A lodn't — I heard about the 24 agreement. That 5 — again, as I 7 was 11 Lodn't know anything — I heard 6 there was an agreement. That 8 — again, as I 7 ms. 4 I don't — I heard about the 24 agreement. That 8 — again, as I 7 ms. 4 I don't — I heard about the 25 gerement. I Lodn't know anything — I heard 6 there was an agreement. That 8 — again, as I 7 ms. 4 I don't how anything — I heard 6 there was an agreement. That 8 — again, as I 7 ms. 4 I don't how anything — I heard 6 there was an agreement. That 8 — again, as I 7 ms. 4 I don't how anything — I heard 6 there was an agreement. That 8 — again, as I 7 ms. 4 I don't how anything — I heard 6 there was an agreement. That 8 — again, as I 7 ms. 4 I don't how anything — I heard 6 the succession of the agreement is that it was based on 19 white so, 50 length that you are a side of the agreement. That 8 — again, as I 7 ms. 4 I don't how anything — I heard 6 the was 50 gerement. That 8 — again, as I 7 ms. 50 length that you have any personal knowledge 19 white sould about the evisione of the agreement? 19 white sould not be evisione of the agreement. 19 you have any personal knowledge 19 white sould about the evisione of the agreement? 19 white sould not be evisione of the	3	asked, sometime in '21, someone told me about	3	right?	
6 used when I heard about it, yes. 7 any of these details, and I'm getting – again, 8 there is, you know, I – I – I had a passing 9 conversation with – with Jim at some point 10 on – on some – on the executive comp, and I'm 11 getting confused of what is what, because 12 again, I don't know any of these details. 13 Q. Okay, Let me try again, 14 Mr. Waterhouse, and lapologize. 15 Are you aware of any agreement 16 between Jim Dondero and Nanry Dondero 17 concerning any promissory note that was given 18 to highland by any affillate of the Dondero? 19 MS, DEITSCH-PEREZ: Object to the 20 form. 21 A. I he heard of an agreement. That 22 is — that is — I mean, if you are using aware 23 as heard, sure. 24 Q. And you understand that one of the 25 terms of the agreement it is that it was based on 26 there was an agreement. That is — again, as I 27 testified before – I said before, heard about the 28 genement. Charl when you have any personal knowledge 19 Q. Do you have any personal knowledge 10 Q. Do you have any personal knowledge 11 don't her ham what have previously 12 discussed, I don't – I don't know any personal knowledge 13 A. Other than what I have previously 14 discussed, I don't – I don't know any personal knowledge 15 discussed, I don't – I don't know any personal knowledge 16 discussed, I don't – I don't know any personal knowledge 17 ms. DANDENEAU: Object to from. 18 discussed, I don't – I don't know any personal knowledge 19 discussed, I don't – I don't know any personal knowledge 10 with leaves would have asked 11 through this boday. I had no intention of 12 ms. DANDENEAU: Objection to form. 13 don't been included in responses to discovery 14 about the terms of the agreement? 15 as to smoothop's which knowledge about the – who 16 there was an agreement. That is – again, as I 17 testified before, heard about the 18 discussed, I don't – I don't know any personal knowledge 19 discussed, I don't – I don't know any personal knowledge 10 with leaves the personal knowledge 11 discussed, I don't – I don't know any	4	this - or I don't honestly know - I don't	4	MS. DANDENEAU: Objection to form.	
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			6 25 30 2451 Page 110 01 200 Page 1D 55571
1	Page 82 WATERHOUSE - 10-19-21	1	Page 8 WATERHOUSE - 10-19-21
2	Q. Okay. Well, I hope that you	2	Q. Did you ever make –
3	appreciate what I'm saying here,	3	A. I don't know anything about these
4	Mr. Waterhouse.	4	agreements.
5	MS. DANDENEAU: All right. Let's go	5	Q. Did you ever make any effort to
6	ahead and ask questions, and again, you're	6	determine which promissory notes are subject to
1	entitled to probe his his knowledge	_	
7		7	this agreement?
8	of – whatever knowledge he has about	8	A. No.
9	this this agreement and	9	Q. Did you ever ask anybody which
10	MR. MORRIS: That is what I'm doing.	10	promissory notes are subject to this agreement?
11	MS. DANDENEAU: – he will answer	11	A. No.
12	the questions to the best that he can.	12	Q. Do you know if there is a list
13	MR. MORRIS: That is what I'm doing.	13	anywhere of the promissory notes that are
14	Q. Mr. Waterhouse, I take it you do not	14	subject to this agreement?
15	know which promissory notes issued by which	15	A. I'm not aware.
16	affiliates or Mr. Dondero are the subject of	16	Q. Have you ever seen the terms of the
17	this agreement; do I have that right?	17	agreement written down anywhere?
18	A. Yes, I don't – I don't know.	18	A. No.
19	Q. Do you know of any way to determine	19	Q. Have you ever asked anybody whether
20	which promissory notes issued by the affiliates	20	the terms of the agreement were written down
21	and Mr. Dondero are the subject of this	21	anywhere?
22	agreement other than asking Jim or Nancy	22	A. I have not.
23	Dondero?	23	Q. Did learning about the agreement
24	MS. DANDENEAU: Objection to form.	24	cause you to do anything in response?
25		25	MS. DANDENEAU: Objection to form.
20	A. Idon't know.	25	IVIS. DANDENEAU. Objection to Iom.
	Page 84	_	Page 8
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21
2	A. No.		
		2	as to the reason why Highland had its annual
3	Q. Did anybody ever describe to you the	3	financial statements audited each year.
4	nature of the milestones that you referred to		financial statements audited each year. A. From – from time to time, they were
Ι.	nature of the milestones that you referred to earlier?	3	financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or
4	nature of the milestones that you referred to	3 4	financial statements audited each year. A. From – from time to time, they were
4 5	nature of the milestones that you referred to earlier?	3 4 5	financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or
4 5 6	nature of the milestones that you referred to earlier? A. No, I don't – I don't have any	3 4 5 6	financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature.
4 5 6 7	nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this.	3 4 5 6	financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties
4 5 6 7 8	nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine.	3 4 5 6 7 8	financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from
4 5 6 7 8 9	nature of the milestones that you referred to earlier? A. No, I don't I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as	3 4 5 6 7 8 9	financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time?
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1	Page 86 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 87
2	MS. DANDENEAU: Objection to form.	2	was a there was a point it varies. It	
3	A. During my tenure as CFO, I played a		varies by year, in function, in time and, you	
4	very minimal role.	4	know, depending on the request, but yes, I	
5	Q. What was the minimal role that you	5	mean, there is – there is –	
	played?		generally a point person of communication.	
7	A. You know, again, it was it was to	7	Q. And who was the point person from	
	check in with the team, to make sure that, you	8	2016 until the time you left Highland?	
	know, audit – the deadlines were being hit,	9	A. I don't – I don't know	
ا 10	information was being presented to the auditors	10	specifically, but it would have been, you	
11	in a – in a timely fashion, but, you know,	11	know – you know, someone on the corporate	
	other than that, it was a very capable team	12	accounting team.	
	• •	13	Q. And was there a head of the	
13	that are still current employees of Highland			
14 15	and, you know, they – they conducted 99	14	corporate accounting team?	
15 16	percent of – look, I don't want to give	15	A. Yes, so – yes.	
16 17	percentages. I mean, this is – but I – I –	16	Q. Who was the head of corporate	
17	1 9	17	accounting for the five years prior to the time	
18	Before during my earlier years as	18	you left Highland?	
19	CFO, I did more, and then as time went on, I	19	A. I don't – if you're asking from	
20	did less in it.	20	2016 on, I don't – it was Dave Klos, but,	
21	Q. Okay. Was there a person at	21	again, there was – there was changes to the	
22	Highland who was responsible for overseeing	22	team and the reporting structure. I don't	
23	Highland's participation in PwC's audit during	23	remember exactly when that happened during	
24	the time that you were the CFO?	24	you know, over the last – since 2016.	
25	A. Yeah. I mean, there was – there	25	Q. Did the folks who participated and	
_	Page 88	4	WATER 101 10E 40 40 04	Page 89
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
	ran the audit all report to you, directly or		If you – if you talk to my team members, I'm	
	indirectly?	3	not micromanaging people. I want people to	
4	A. Yes.	4	learn and grow in their function so they can go	
5	Q. And did you have any responsibility		on and do hidder and heffer things with their	
6		١.	on and do bigger and better things with their	
-	for making sure that the audit report was	6	careers.	
	accurate before it was finalized?	6 7	careers. And so, yes, generally I was	
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	Page 90		Page	e 91
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	001
2	together accurate audited or accurate financial	2	reporting and disclosures of loans to	
3	statements is to your control environment.	3	affiliates and Mr. Dondero?	
4	So, you know, the so the practice	4	MS. DANDENEAU: Objection to form.	
5	was to maintain a stable control environment	5	A. I don't – I don't recall –	
6	which then the output is - is accurate	6	Q. So you don't recall –	
7	financial statements.	7	A. – the –	
8	So - so, you know, if I was	8	MS. DANDENEAU: Mr. Morris	
9	comfortable that the control environment was	9	A. I don't recall being uncomfortable.	
10	operating, then, you know, that would dictate	10	But, again, we're going back several years. I	
11	how I would – you know, what I might or might	11	don't – you know, the practice in an audit is	
12	not do in a given year.	12	to disclose all information to the auditors.	
13	Q. Okay. Do you recall ever being	13	And I don't — I don't recall.	
14	uncomfortable with the control environment	14	Q. As part of the process of the audit,	
15	during the period that you served as CFO?	15	did you sign what is sometimes referred to as a	
16	A. Yeah. I mean, look, yes, there are	16	management representation letter?	
17	times – you know, nothing is perfect. So	17	A. Yes.	
18	there were — there were times when, yes, you	18	MR. MORRIS: Can we put up on the	
19	know – there are times I learned I was	19	screen a document that we have premarked as	
20	uncomfortable with the control environment, and	20	Exhibit 33.	
21	that is part of the management of the process	21	(Exhibit 33 marked.)	
22	and having, you know and and working	22	MS. DANDENEAU: Mr. Morris, that is	
23	through whatever obstacles present themselves.	23	not in the binder; correct?	
24	Q. Okay. Were you ever uncomfortable	24	MR. MORRIS: Correct.	
25	with the control process as it related to	25	Q. So you will see, Mr. Waterhouse,	
	Page 92		Page	- 00
1 4		4	MATERIAL 10 10 21	93
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	93
2	WATERHOUSE - 10-19-21 this is a letter dated June 3rd. And if we	2	WATERHOUSE - 10-19-21 materiality?	93
2 3	WATERHOUSE - 10-19-21 this is a letter dated June 3rd. And if we could go to the signature page.	3	WATERHOUSE - 10-19-21 materiality? A. Yes.	93
2 3 4	WATERHOUSE - 10-19-21 this is a letter dated June 3rd. And if we could go to the signature page. And do you see that you and	2 3 4	WATERHOUSE - 10-19-21 materiality? A. Yes. Q. And for purposes of the audit, did	93
2 3 4 5	WATERHOUSE - 10-19-21 this is a letter dated June 3rd. And if we could go to the signature page. And do you see that you and Mr. Dondero signed this document?	2 3 4 5	WATERHOUSE - 10-19-21 materiality? A. Yes. Q. And for purposes of the audit, did PwC set the level of materiality each year?	93
2 3 4 5 6	WATERHOUSE - 10-19-21 this is a letter dated June 3rd. And if we could go to the signature page. And do you see that you and Mr. Dondero signed this document? A. Yes.	2 3 4 5 6	WATERHOUSE - 10-19-21 materiality? A. Yes. Q. And for purposes of the audit, did PwC set the level of materiality each year? A. Yes.	93
2 3 4 5 6 7	WATERHOUSE - 10-19-21 this is a letter dated June 3rd. And if we could go to the signature page. And do you see that you and Mr. Dondero signed this document? A. Yes. Q. That is your signature; right?	2 3 4 5 6 7	WATERHOUSE - 10-19-21 materiality? A. Yes. Q. And for purposes of the audit, did PwC set the level of materiality each year? A. Yes. Q. Did that number change over time?	93
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 this is a letter dated June 3rd. And if we could go to the signature page. And do you see that you and Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes.	2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 materiality? A. Yes. Q. And for purposes of the audit, did PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is	93
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 this is a letter dated June 3rd. And if we could go to the signature page. And do you see that you and Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back	2 3 4 5 6 7 8 9	wateriality? A. Yes. Q. And for purposes of the audit, did PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this	93
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 this is a letter dated June 3rd. And if we could go to the signature page. And do you see that you and Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top.	2 3 4 5 6 7 8 9	wateriality? A. Yes. Q. And for purposes of the audit, did PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate.	93
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	31 Page 113 01 200 PageID 35574
1 WATERHOUSE - 10-19-21 Page 94 1 WA	Page 95 TERHOUSE - 10-19-21
	ell. I don't – I don't recall.
	o the best of your knowledge,
· ·	illy, signed a management
	n letter in connection with
	udit each year that you served as
7 of materiality. 7 the CFO; col	
	uld say generally speaking,
	don't recall for every single
	ow, generally, but I would want to
	e rep letters and see who signed
12 and, look, I would want to consult the guidance 12 them.	o rop rousing and good will digition
	you recall Highland having its
	ements audited in any year during
	at you were a CFO where you didn't
	nagement representation letter?
	n't recall. But, John, we're
	ive, six, seven, eight, nine,
	on't I don't remember.
	n't want to go back that many
·	t I'm just asking you if you recall
	as you didn't sign it?
	- I don't, but my memory
	- Tooth, but my memory - I - I can't tell you what I
	I mean, I think generally, yes,
1 20 Taigrieu trietti. Triete triay have been otrieta triat 120 TZ.	Titlean, Tullingenerally, yes,
,	
Page 96	Page 97
1 WATERHOUSE - 10-19-21 Page 96 1 WA	TERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 2 managemer 2 managemer	
1 WATERHOUSE - 10-19-21 1 WA 2 but I don't – I don't know for sure, and I 2 managemer 3 would want to rely on the document. 3 letters?	TERHOUSE - 10-19-21 t to sign management representation
1 WATERHOUSE - 10-19-21 1 WA 2 but I don't - I don't know for sure, and I 2 managemer 3 would want to rely on the document. 3 letters? 4 Q. Let me ask the question a little bit 4 MS. I	TERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 2 but I don't I don't know for sure, and I 2 managemer 3 would want to rely on the document. 3 letters? 4 Q. Let me ask the question a little bit 4 MS. I 5 differently then. 5 form.	TERHOUSE - 10-19-21 It to sign management representation DEITSCH-PEREZ: Object to the
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1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 A. That is – that is – other than	2 letter – representation letter, yes.
3 what I said, it is – it is – it is required	3 Q. Okay. Did you discuss this letter
4 so – to ensure that the – you know, there	4 with Mr. Dondero before you signed it?
5 is – there is completeness in what is being	5 A. I don't recall.
6 audited.	6 Q. Do you recall if Mr. Dondero asked
7 Q. Did you – did you have a practice	7 you any questions before he signed the letter?
8 whereby you and Mr. Dondero conferred about the	8 A. I don't recall.
9 management representation letters before you	9 Q. Do you recall if you asked
10 signed them?	10 Mr. Dondero any questions before you signed
11 A. No.	11 this letter?
12 Q. Did you have a practice —	12 A. I don't recall.
13 withdrawn.	13 Q. Is it fair to say that Mr. Dondero
	14 did not disclose to you the existence of the
	1
17 knowledge and belief, as of June 3rd, 2019, the	17 MS. DANDENEAU: Objection to form.
18 date of your report, the following	18 A. I don't think I understand the
19 representations made to you during your audit.	19 question. So, again, you are saying, did
20 Do you see that sentence?	20 Mr. Dondero not disclose to me the existence of
21 A. Yes.	21 this letter?
22 Q. Okay. Did you understand when you	22 Q. No, I apologize.
23 signed this letter that you were confirming the	23 Did Mr. Dondero disclose to you the
24 representations that followed?	24 existence of the agreement prior to the time
25 A. When I signed this management	25 you signed this letter on June 3rd, 2019?
Page 100	Page 10
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 A. The agreement – the agreement that	
	2 again, I mean, I haven't looked at ASC 850 in
3 we talked about earlier?	3 quite some time, but, you know, if – if there
3 we talked about earlier?4 Q. Correct.	 quite some time, but, you know, if – if there is a control language, you know, ASC 850, would
 3 we talked about earlier? 4 Q. Correct. 5 A. Look, as I said earlier, the first 	 quite some time, but, you know, if – if there is a control language, you know, ASC 850, would that – that section in GAAP would – would
 3 we talked about earlier? 4 Q. Correct. 5 A. Look, as I said earlier, the first 6 time I heard of this agreement was sometime 	 quite some time, but, you know, if – if there is a control language, you know, ASC 850, would that – that section in GAAP would – would pick up and define what are related parties.
 3 we talked about earlier? 4 Q. Correct. 5 A. Look, as I said earlier, the first 6 time I heard of this agreement was sometime 7 this year. 	 quite some time, but, you know, if – if there is a control language, you know, ASC 850, would that – that section in GAAP would – would pick up and define what are related parties. So, you know, like I said, if – one
 3 we talked about earlier? 4 Q. Correct. 5 A. Look, as I said earlier, the first 6 time I heard of this agreement was sometime 7 this year. 8 Q. Okay. Can we tum – let's just 	 quite some time, but, you know, if – if there is a control language, you know, ASC 850, would that – that section in GAAP would – would pick up and define what are related parties. So, you know, like I said, if – one of the four entities I just described, if – if
 3 we talked about earlier? 4 Q. Correct. 5 A. Look, as I said earlier, the first 6 time I heard of this agreement was sometime 7 this year. 8 Q. Okay. Can we tum – let's just 9 look at a couple of items on the list. If we 	 quite some time, but, you know, if – if there is a control language, you know, ASC 850, would that – that section in GAAP would – would pick up and define what are related parties. So, you know, like I said, if – one of the four entities I just described, if – if they are in that control definition of ASC 850,
 3 we talked about earlier? 4 Q. Correct. 5 A. Look, as I said earlier, the first 6 time I heard of this agreement was sometime 7 this year. 8 Q. Okay. Can we tum – let's just 	 quite some time, but, you know, if – if there is a control language, you know, ASC 850, would that – that section in GAAP would – would pick up and define what are related parties. So, you know, like I said, if – one of the four entities I just described, if – if they are in that control definition of ASC 850, they would be picked up in 35D.
 3 we talked about earlier? 4 Q. Correct. 5 A. Look, as I said earlier, the first 6 time I heard of this agreement was sometime 7 this year. 8 Q. Okay. Can we tum – let's just 9 look at a couple of items on the list. If we 10 can go to page 33416. Do you see in Number 35 	 quite some time, but, you know, if – if there is a control language, you know, ASC 850, would that – that section in GAAP would – would pick up and define what are related parties. So, you know, like I said, if – one of the four entities I just described, if – if they are in that control definition of ASC 850,
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2 Q. To the best of your knowledge, was	2 June 3rd, 2019, did Highland disclose to PwC
3 the existence of the agreement ever disclosed	3 the identity of the partnership's related
4 to PwC?	4 parties and all the related party relationships
5 A. I'm not – I'm not aware.	5 and transactions of which it was aware?
6 Q. Do you recall if the agreement was	6 A. I mean, I can speak for myself as
7 ever disclosed in Highland's audited financial	7 signer of this representation letter. I
8 statements?	8 disclosed what – what, you know, what –
9 A. I don't – I don't remember if it	9 what – what I knew. Sorry, look, yes, so I –
10 was in every Highland's audited financial	10 I disclosed what I knew.
11 statements during my tenure. We would have to	11 Q. Okay. Can we go to page 419. Do
12 read the financial statements to see what was	12 you see at the end there is a reference to
13 disclosed, but I'm not – I mean, as I sit here	13 events that occurred since the end of the
14 today, I'm not aware.	14 fiscal year and the date of the letter?
15 Q. That is all I'm asking for.	15 A. Yes.
16 A. I'm not aware.	16 Q. And were you aware of that – of
17 Q. Can we go to the next page, please,	17 that provision of the management representation
18 and look at 36. 36 says, we have disclosed to	18 letter before you signed the document?
19 you the identity of the partnership's related	19 A. Yes.
20 party relationships and all the related party	20 Q. Do you have an understanding as to
21 relationships and transactions of which we are	21 why PwC asked for that confirmation of that
22 aware.	22 particular part of the management
23 Do you see that?	23 representation letter?
24 A. Yes.	24 A. It is – it is just – it
25 Q. To the best of your knowledge, as of	25 is a typical audit request.
25 Q. To the best of year fallowings, as of	20 lo a typical additional
Page 104 1 WATERHOUSE - 10-19-21	Page 105 1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
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Case 5.21-CV-00001-A DUCUITIE MALITURZES FR	ange 20 at 2021 ago 220 of 200 T ago 12 oct 1
Page 106 1 WATERHOUSE - 10-19-21	Page 107 1 WATERHOUSE - 10-19-21
2 page. I think it is 215. Yes, stop right	2 under the affiliate under the notes signed by
3 there, just above – I'm sorry, I want to	3 the affiliates and Mr. Dondero?
4 see just the date of the report.	4 MR. RUKAVINA: Objection to the
5 Q. Okay. Do you see at the bottom of	5 extent that calls for a legal conclusion.
6 that page there, Mr. Waterhouse,	6 A. I mean, I would want to see the
7 PricewaterhouseCoopers has signed this audit	7 detail and the build to this \$173,398,000, but,
·	
8 report?	8 yes, I mean, if – if – given what we
9 A. Yes, I see their signature.	9 discussed before, you know, it – it should
10 Q. Okay. And it is the dated same day	10 capture that.
11 as your management representation letter; is	11 Q. And – and while you were the CFO of
12 that right?	12 Highland, were all notes held by Highland that
13 A. It is – yes, it is the same day.	13 were issued by an affiliate or Mr. Dondero
14 Q. Was that the practice to sign the	14 carried as assets on Highland's balance sheets?
15 management representation letter on the same	MS. DANDENEAU: Objection to form.
16 day that the audit report was signed?	16 MS. DEITSCH-PEREZ: Object to form.
17 A. Yes, that is typical in every audit.	17 A. I don't – I don't know how else
18 Q. Can we just scroll down to the	18 they would be carried.
19 balance sheet on the next page.	19 Q. Okay. Can you think of any – are
20 Do you see that there is a line	20 you aware of any promissory note issued by an
21 there that says, Notes and Other Amounts Due	21 affiliate or Mr. Dondero that was not carried
22 from Affiliates?	22 on Highland's audited financial balance sheets?
23 A. Yes.	23 A. I'm – I'm – I'm not aware.
24 Q. Does that line, to the best of your	Q. Okay. Are you aware of any category
25 knowledge, include the amounts that were due	25 of asset on Highland's balance sheet in which
Page 108	Page 109
1 WATERHOUSE - 10-19-21	Page 109 1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 any of the promissory notes issued by an	 WATERHOUSE - 10-19-21 Now, does that mean absolute? I
1 WATERHOUSE - 10-19-21 2 any of the promissory notes issued by an 3 affiliate or Mr. Dondero would have been	 WATERHOUSE - 10-19-21 Now, does that mean absolute? I don't know.
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1 WATERHOUSE - 10-19-21 2 any of the promissory notes issued by an 3 affiliate or Mr. Dondero would have been 4 included? 5 MS. DANDENEAU: Objection to form. 6 A. Sorry, am I aware of any asset of an 7 affiliate being included — 8 Q. That — let me — let me try again. 9 Do you see there is a number of 10 different assets that are described on this 11 balance sheet? 12 A. Yes. 13 Q. One of the assets that is described 14 is Notes and Other Amounts Due from Affiliates; 15 right? 16 A. Yes. 17 Q. And it is reasonable to conclude 18 that the notes from the affiliates and 19 Mr. Dondero are included in that line item; 20 right?	Now, does that mean absolute? I Now, does that mean absolute? I don't know. Q. Do you have any reason to believe that the promissory notes would have been carried on the balance sheet in a category other than Notes and Other Amounts Due from Affiliates? A. If they were deemed – no. If they were deemed an affiliate, you know, under GAAP, they should be carried in that line. Otherwise, it would go into another line. Q. Okay. And do you see the total asset base as of December 31st, 2018, was paproximately \$1.04 billion? A. Yes. Q. Is my math correct that the Notes and Other Amounts Due from Affiliates constituted approximately 17 percent of Highland's assets as of the end of 2018?
1 WATERHOUSE - 10-19-21 2 any of the promissory notes issued by an 3 affiliate or Mr. Dondero would have been 4 included? 5 MS. DANDENEAU: Objection to form. 6 A. Sorry, am I aware of any asset of an 7 affiliate being included — 8 Q. That — let me — let me try again. 9 Do you see there is a number of 10 different assets that are described on this 11 balance sheet? 12 A. Yes. 13 Q. One of the assets that is described 14 is Notes and Other Amounts Due from Affiliates; 15 right? 16 A. Yes. 17 Q. And it is reasonable to conclude 18 that the notes from the affiliates and 19 Mr. Dondero are included in that line item; 20 right? 21 A. Yes, based on this description.	Now, does that mean absolute? I Now, does that mean absolute? I don't know. Q. Do you have any reason to believe that the promissory notes would have been carried on the balance sheet in a category other than Notes and Other Amounts Due from Affiliates? A. If they were deemed – no. If they were deemed an affiliate, you know, under GAAP, they should be carried in that line. Otherwise, it would go into another line. Q. Okay. And do you see the total asset base as of December 31st, 2018, was approximately \$1.04 billion? A. Yes. Q. Is my math correct that the Notes and Other Amounts Due from Affiliates constituted approximately 17 percent of Highland's assets as of the end of 2018? A. Well, so how are you defining
1 WATERHOUSE - 10-19-21 2 any of the promissory notes issued by an 3 affiliate or Mr. Dondero would have been 4 included? 5 MS. DANDENEAU: Objection to form. 6 A. Sorry, am I aware of any asset of an 7 affiliate being included – 8 Q. That – let me – let me try again. 9 Do you see there is a number of 10 different assets that are described on this 11 balance sheet? 12 A. Yes. 13 Q. One of the assets that is described 14 is Notes and Other Amounts Due from Affiliates; 15 right? 16 A. Yes. 17 Q. And it is reasonable to conclude 18 that the notes from the affiliates and 19 Mr. Dondero are included in that line item; 20 right? 21 A. Yes, based on this description. 22 Again, I would want to see a build of this to	Now, does that mean absolute? I Now, does that mean absolute? I don't know. Q. Do you have any reason to believe that the promissory notes would have been carried on the balance sheet in a category other than Notes and Other Amounts Due from Affiliates? A. If they were deemed – no. If they were deemed an affiliate, you know, under GAAP, they should be carried in that line. Otherwise, it would go into another line. Q. Okay. And do you see the total asset base as of December 31st, 2018, was approximately \$1.04 billion? A. Yes. Q. Is my math correct that the Notes and Other Amounts Due from Affiliates constituted approximately 17 percent of Highland's assets as of the end of 2018? A. Well, so how are you defining Highland?
1 WATERHOUSE - 10-19-21 2 any of the promissory notes issued by an 3 affiliate or Mr. Dondero would have been 4 included? 5 MS. DANDENEAU: Objection to form. 6 A. Sorry, am I aware of any asset of an 7 affiliate being included — 8 Q. That — let me — let me try again. 9 Do you see there is a number of 10 different assets that are described on this 11 balance sheet? 12 A. Yes. 13 Q. One of the assets that is described 14 is Notes and Other Amounts Due from Affiliates; 15 right? 16 A. Yes. 17 Q. And it is reasonable to conclude 18 that the notes from the affiliates and 19 Mr. Dondero are included in that line item; 20 right? 21 A. Yes, based on this description. 22 Again, I would want to see a build of this to 23 100 percent confirm, but based on the	Now, does that mean absolute? I Now, does that mean absolute? I don't know. Q. Do you have any reason to believe that the promissory notes would have been carried on the balance sheet in a category other than Notes and Other Amounts Due from Affiliates? A. If they were deemed – no. If they were deemed an affiliate, you know, under GAAP, they should be carried in that line. Otherwise, it would go into another line. Q. Okay. And do you see the total asset base as of December 31st, 2018, was approximately \$1.04 billion? A. Yes. Q. Is my math correct that the Notes and Other Amounts Due from Affiliates constituted approximately 17 percent of Highland's assets as of the end of 2018? A. Well, so how are you defining Highland? Q. Highland Capital Management, L.P.,

Page 110	Page 111
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 A. On a consolidated or unconsolidated	2 Other Amounts Due from Affiliates?
3 basis?	3 A. Sorry, I can't see the – the –
4 Q. I'm looking at the balance sheet.	4 Q. It is at the top.
5 It is a consolidated balance sheet. Okay?	5 A. Notes and Other Amounts Due from
6 Does the Notes and Other Amounts Due	6 Affiliates, yes, I see that. I don't I
7 from Affiliates constitute approximately	7 don't have a page number, but I'm on a page
8 17 percent of the total assets of Highland	8 that says at the top: Notes and Other Amounts
9 Capital Management, L.P., on a consolidated	9 Due from Affiliates.
10 basis?	10 Q. Okay. And that is the same title of
11 MS. DANDENEAU: Objection to form.	11 the line item on the balance sheet that we just
12 A. I don't have a calculator in front	12 looked at; right? Notes and Other Amounts Due
13 of me but I will take your math, if you are	13 from Affiliates?
14 taking the 173 divided by the billion.	14 A. Yes.
15 Q. Okay.	15 Q. And is it your understanding, based
16 A. If that is accurate, yes. But,	16 on your experience and knowledge as the CFO,
17 again, on a consolidated basis.	17 that this is the section of the narrative that
18 Q. And on an unconsolidated basis the	18 ties into the line item that we just looked at?
19 percentage would be higher; correct?	19 A. Yes.
20 A. I – no. I don't know.	20 Q. And is this section of the audit
21 Q. Well, okay. That is fair.	21 report intended to describe and disclose all of
22 MR. MORRIS: Can we turn to	22 the material facts concerning the Notes and
23 page 241, please.	23 Other Amounts Due from Affiliates?
24 Q. Do you see that this is a section of	24 MS. DANDENEAU: Objection, form.
25 the audit report that is entitled Notes and	25 A. This – these notes – these notes
Page 112	Page 113
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 of the financial statements are – the purpose	
	1 WATERHOUSE - 10-19-21
2 of the financial statements are – the purpose	1 WATERHOUSE - 10-19-21 2 reliable?
 2 of the financial statements are – the purpose 3 is to disclose any material items in relation 	 1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the
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Page 114 1 WATERHOUSE - 10-19-21	Page 115 1 WATERHOUSE - 10-19-21
2 being the point person of this audit. And I	2 accuracy of the section of the audit reports
3 can't recall, you know, when – you know, I	3 called Notes and Other Amounts Due from
4 don't even know if I was ever the point person	4 Affiliates; correct?
5 during my tenure as CFO.	5 MS. DANDENEAU: Object to the form.
6 I don't know if PwC had any concerns	6 MS. DEITSCH-PEREZ: Objection to
7 when they were performing those audit	7 form.
8 procedures. They may have and they may have –	8 A. I don't recall having any
9 and it may not have been communicated to me. I	9 conversations. But, again, I mean, this is –
10 don't know.	10 this is two years ago.
11 MR. MORRIS: All right. I move to	11 Q. I'm just asking for your
12 strike.	
	·
13 Q. And I'm going to ask you to listen	13 A. Yes.
14 carefully to my question.	14 Q. If you don't recall, this will –
Did you – do you recall ever having	15 A. Yeah.
16 a conversation with anybody at any time	16 Q. (Overspeak) – if you don't
17 concerning the accuracy of the reporting	17 recall –
18 provided in the audited financial statement on	18 A. Yeah, I don't – I don't recall.
19 the topic of Notes and Other Amounts Due?	19 Q. Do you know who was responsible for
20 MS. DANDENEAU: Objection to form.	20 drafting the audit report?
21 A. I don't recall for this, but that	21 A. Are you asking the actual Highland
22 doesn't mean that it didn't exist.	22 employee responsible? I mean, it was
23 Q. Okay. But you have no reason to	23 Highland's responsibility, so, I mean, that
24 believe, as you sit here right now, that you	24 is –
25 ever discussed with anybody concerns over the	25 Q. Right.
Page 116	Page 117
Ι 1 - ΜΔΙΕΡΗΛΙΙΚΕ 10.10.91	
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 A Highland's responsibility.	2 audit report is incomplete or inaccurate in any
2 A. – Highland's responsibility. 3 Highland's responsibility.	2 audit report is incomplete or inaccurate in any3 way?
 2 A. – Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 	 2 audit report is incomplete or inaccurate in any 3 way? 4 And I'm happy to give you a moment
 2 A. – Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 	 2 audit report is incomplete or inaccurate in any 3 way? 4 And I'm happy to give you a moment 5 to – to look at it, if you would like.
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Case 3.21-CV-00001-A DOCUME MALIBITALIS FIN	ayerbawe 451 Page 119 01 200 Page 1D 55500
Page 118 1 WATERHOUSE - 10-19-21	Page 119 1 WATERHOUSE - 10-19-21
2 MR. MORRIS: If we could go the	2 value is the line item that you showed me
3 other way, La Asia. We don't need Okada.	3 earlier that is in Notes and Other Amounts Due
4 We're going to have to thread the needle.	4 from Affiliates.
5 Okay. Good, perfect.	5 Q. Okay. Is another way to say this is
6 Q. Do you see those five paragraphs	6 that the fair market value of the notes equals
7 certain the four affiliates and Mr. Dondero as	·
	7 the principal amount and – withdrawn.
8 we've been referring to today?	8 Is the fair way to interpret this
9 A. Yes.	9 that the fair market value of the notes equals
10 Q. Okay. And do you see at the end of	10 all remaining unpaid principal and interest due
11 every paragraph it states, quote: A fair value	11 under the notes?
12 of a partnership's outstanding notes receivable	MS. DANDENEAU: Object to the form.
13 approximates the carrying value of the notes	13 MS. DEITSCH-PEREZ: Objection, form.
14 receivable?	14 A. I don't know the answer to that,
15 A. Yes, I see that.	15 because I don't recall where - where any -
16 Q. Do you have an understanding of what	16 where – in what line item was the interest
17 that means?	17 component reported.
18 A. Yes.	18 Q. All right. Well, if we look in this
19 Q. What is your understanding of that	19 audit report, you will see in the middle of the
20 sentence?	20 first paragraph, for example, it states that as
21 A. It is the – again, the – the fair	21 of December 31st, 2018, total interest and
22 value, right, which is which is what the	22 principal due on outstanding promissory notes
23 what Highland could sell that asset for. This	23 was approximately \$5.3 million.
24 statement is comparing the fair value of the	24 Do you see that?
25 notes to the carrying value, so the carrying	25 A. I do.
Page 120	Page 121
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 Q. Is that the carrying value or the	2 look, I mean, if you – I mean, if you are
3 fair value?	3 saying the 5.3 million is in the notes and
4 A. That would be the carrying value	4 other amounts due from affiliates, then the
5 Q. And is the last –	5 last statement is saying the fair value
6 A. – in my opinion.	6 approximates 5.3 million. That is what that
7 Q. Okay. And it is in your opinion as	7 last sentence is saying.
8 the chief financial officer of Highland during	8 Q. Do you see in the middle of the
9 the period of time that you described; right?	9 first paragraph – not in the middle, the next
10 It is an educated opinion?	10 to last sentence there is a statement that the
11 A. I'm reading this at face value. I'm	11 partnership will not demand payment on amounts
12 taking that as that is carrying value.	12 that exceed HCMFA's excess cash availability
13 Q. Okay. And does the last sentence	13 prior to May 31st, 2021.
14 say that the carrying value is roughly	14 Do you see that?
15 approximate to the fair market value?	15 A. Ido.
16 MS. DANDENEAU: Objection to form.	16 Q. Do you know when Highland agreed not
17 MS. DEITSCH-PEREZ: Objection, form.	17 to demand payment as described in that
18 A. Again, this note to the financial	18 sentence?
19 statement is specific to notes and other	19 A. I don't know specifically.
20 amounts due from affiliates.	
21 Q. Correct.	21 to demand payment on HCMFA's notes until May
22 A. If the interest component is	22 2021?
23 reported elsewhere on the balance sheet, you	23 A. Yes.
24 know, it – it – it could be off. Again, I	Q. Why was that decision made?A. You know, well, it – it – that
25 don't have the detail. I don't know, but yes,	(Z A YOU KDOW WELL IT _ IT _ IDST
20 dontinavo ino dolali. Taoritialow, but you,	25 A. You know, well, it – it – that

1	Page 122 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 123
2	decision was made as to not put HCMFA into a	2	remember exactly - I don't remember if it was	
3	position where it didn't have sufficient assets	3	myself or – or Jim Dondero who – who – there	
4	to pay for the demand note.	4	was – there was something signed, from what I	
5	Q. And at the time the agreement was	5	recall, that – that – that backed up this	
6	entered into, pursuant to which the partnership	6	line item in the – in the notes I'm – look,	
7	wouldn't demand payment, did HCMFA have	7	l'm, l'm –	
8	insufficient assets to satisfy the notes if a	8	Q. We will get to that.	
9	demand had been made?	9	A. You –	
10		10	Q. I'm just –	
11	A. I don't have HCMFA's financial	11	A. You have – I mean –	
12		12	Q. We're going to give that to you.	
13		13	I'm going to give that to you.	
14		14	A. You – you – you have all the	
Ι.			documents. I don't have the documents, and	
15 ₁₆		15	that is what makes it so hard. I don't have	
16	•	16		
17	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	17	any documents to prepare for this deposition;	
18	, 5, 5 , 1	18	right? You have all – I don't – I don't – I	
19		19	don't remember, but, you know, again, it would	
20		20	probably be myself or Jim.	
21	Q. And who made the decision to enter	21	Q. Do you know if Highland received	
22		22	anything in return for its agreement not to	
23	9	23	make a demand for two years?	
24		24	A. I don't – I don't think it referred	
25	A. I'm trying to remember. I don't	25	anything.	
	Page 124	_		Page 125
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	Q. And did you and Mr. Dondero discuss		Allocation Fund, which was a – a fund managed	
3	HCMFA's ability to satisfy the notes if a	3	by Highland Capital Management Fund Advisors.	
4	demand was made at the time this agreement was	4	There was a – we – I'm just telling you,	
5	entered into?	5	there was – there was – there was a – a	
6	MS. DANDENEAU: Objection to form.	6	ultimately a NAV error found in this fund while	
7	A. I don't – I don't recall	7	it was an open-ended fund and, you know, there	
8	having a specific conversation, if I did, or	١.	were amounts owed by the advisor in – in	
9	or David Klos.	9	relation to that NAV error.	
10	, , ,	10	There were also, for the same fund,	
11		11	that same fund was ongoing an	
12	A. I don't recall.		open-end-to-close-end conversion, and as part	
		12	•	
13	Q. Okay. Do you know why Highland	12 13	of that proposal, shareholders who voted for	
13 14	Q. Okay. Do you know why Highland loaned the money to HCMFA that is the subject		of that proposal, shareholders who voted for the conversion received compensation from the	
Ι	Q. Okay. Do you know why Highland loaned the money to HCMFA that is the subject of the notes described in this paragraph?	13	of that proposal, shareholders who voted for the conversion received compensation from the advisor.	
14	Q. Okay. Do you know why Highlandloaned the money to HCMFA that is the subjectof the notes described in this paragraph?A. I don't remember specifically why	13 14	of that proposal, shareholders who voted for the conversion received compensation from the advisor. Q. All right. Now, the events that	
14 15	Q. Okay. Do you know why Highland loaned the money to HCMFA that is the subject of the notes described in this paragraph? A. I don't remember specifically why	13 14 15	of that proposal, shareholders who voted for the conversion received compensation from the advisor.	
14 15 16	Q. Okay. Do you know why Highland loaned the money to HCMFA that is the subject of the notes described in this paragraph? A. I don't remember specifically why 5.3 million was loaned. I mean, I – it would	13 14 15 16	of that proposal, shareholders who voted for the conversion received compensation from the advisor. Q. All right. Now, the events that	
14 15 16 17	Q. Okay. Do you know why Highland loaned the money to HCMFA that is the subject of the notes described in this paragraph? A. I don't remember specifically why 5.3 million was loaned. I mean, I – it would have to be put in the context.	13 14 15 16 17	of that proposal, shareholders who voted for the conversion received compensation from the advisor. Q. All right. Now, the events that you're describing occurred in the spring of	
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Page 126 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 127
describing occurred in May 2019; right?	2	what is the reason you recall Highland lending	
MR. RUKAVINA: Objection to the	3	money to NexPoint?	
extent that calls for a legal conclusion.	4	A. I mean, I was just – I just – I	
A. I don't recall specifically what	5	just recall. I mean, I just I don't	
amounts of money were moved when, for what	6	remember why.	
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Q. Why did High – why do you recall –	25	money from Highland to finance the investment.	
Page 128	1	WATERHOUSE 10 10 21	Page 129
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	13		
Q. So HCRE made the investment and it	14	• • • • • • • • • • • • • • • • • • • •	
•	15		
	16	with Bates No. 251. La Asia, are you	
investments.	17	there?	
	18	MS. CANTY: Sorry, John. It went	
Do I have that right?	10		
Do I have that right? A. I mean, I – you know, generally.	19	out for a minute. Can you say that again.	
•		out for a minute. Can you say that again. I don't know what is going on.	
A. I mean, I – you know, generally.	19	, , ,	
A. I mean, I – you know, generally.Q. Okay. How about Highland Management	19 20	I don't know what is going on.	
A. I mean, I – you know, generally.Q. Okay. How about Highland ManagementServices, Inc.?	19 20 21	I don't know what is going on. MR. MORRIS: The page with Bates	
 A. I mean, I – you know, generally. Q. Okay. How about Highland Management Services, Inc.? Do you have any recollection as to 	19 20 21 22	I don't know what is going on. MR. MORRIS: The page with Bates No. 251, can we go to that.	
	describing occurred in May 2019; right? MR. RUKAVINA: Objection to the extent that calls for a legal conclusion. A. I don't recall specifically what amounts of money were moved when, for what purpose. Q. Okay. Fair enough. Going to the next paragraph, do you recall that NexPoint Advisors had obtained a number of loans from Highland, and they rolled up those loans into one note in approximately 2017? A. This is for NexPoint Advisors? Q. Yes. A. I – I mean, I don't – I don't recall the NexPoint Advisors loan being a roll-up loan, but – Q. Do you know why? A. But, look, if you have documents that show – I mean, look, I just don't recall. Q. Okay. That is fair. Do you know why – do you have any recollection as to why Highland loaned money to NexPoint? A. Yes. Q. Why did High – why do you recall – Page 128 WATERHOUSE - 10-19-21 Do I have that right? A. Yes. Q. How about HCRE? Do you know why HCRE borrowed money from Highland? A. I don't remember specifically. Q. Do you remember generally? A. Generally, yeah – I mean, yes. Q. Can you tell me your general recollection as to why Highland loaned money to HCRE? A. For – for – for investment purposes. Q. So HCRE made the investment and it obtained a loan, or loans, from Highland in	describing occurred in May 2019; right? MR. RUKAVINA: Objection to the extent that calls for a legal conclusion. A. I don't recall specifically what amounts of money were moved when, for what purpose. Q. Okay. Fair enough. Going to the next paragraph, do you recall that NexPoint Advisors had obtained a number of loans from Highland, and they rolled up those loans into one note in approximately 2017? A. This is for NexPoint Advisors? Q. Yes. A. I – I mean, I don't – I don't recall the NexPoint Advisors loan being a roll-up loan, but – Q. Do you know why? A. But, look, if you have documents that show – I mean, look, I just don't recall. Q. Okay. That is fair. Do you know why – do you have any recollection as to why Highland loaned money to NexPoint? A. Yes. Q. Why did High – why do you recall – Page 128 WATERHOUSE - 10-19-21 Do I have that right? A. Yes. Q. Do you remember generally? A. I don't remember specifically. Q. Do you remember generally? A. Generally, yeah – I mean, yes. Q. Can you tell me your general recollection as to why Highland loaned money to HORE? A. For – for – for investment purposes. Q. So HCRE made the investment and it obtained a loan, or loans, from Highland in	describing occurred in May 2019; right? MR. RUKAVINA: Objection to the extent that calls for a legal conclusion. A. I don't recall specifically what amounts of money were moved when, for what purpose. Q. Okay. Fair enough. Going to the next paragraph, do you recall that NexPoint? Advisors had obtained a number of loans from Highland, and they rolled up those loans into one note in approximately 2017? A. This is for NexPoint Advisors? Q. Yes. A. I – I mean, I don't – I don't 15 the – that NexPoint 16 the fund. A. I – I mean, I don't – I don't 15 the – that NexPoint but have fine to – investing a fund which 16 the mone note in approximately 2017? A. This is for NexPoint Advisors? Q. Yes. A. I – I mean, I don't – I don't 15 the – that NexPoint borrowed money from recall the NexPoint Advisors loan being a 16 Highland at the time to make that co-invest. 17 Q. So this was an investment that 18 NexPoint was an investment that 19 Ms. DANDENEAU: Objection to form. 18 that show – I mean, look, I just don't recall. Q. Do you know why? A. But, look, I just don't recall. Q. Okay. That is fair. Do you know why Highland loaned money to NexPoint? A. Yes. Q. Why did High – why do you recall – Page 128 WATERHOUSE - 10-19-21 Do I have that right? A. Yes. Q. How about HCRE? Do you know why HCRE borrowed money from Highland? A. Yes. Q. How about HCRE? Do you know why HCRE borrowed money from Highland? A. Yes. Q. Do you remember specifically. Q. Do you remember specifically. Q. Do you remember generally? A. Generally, yeah – I mean, yes. Q. Can you tell me your general recollection as to why Highland loaned money to the very single one recollection as to why Highland loaned money to the very single one recollection as to why Highland loaned money to the very single one of these were made, but I would say, yeah, I purposes. Q. So HCRE made the investment and it obtained a loan, or loans, from Highland in 15 MR. MORRIS: Let's go to the page

Page 130	Page 131
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 Q. Do you see, Mr. Waterhouse, that	2 subsequent event relating to affiliate loans be
3 there is a section there called Subsequent	3 captured in this section if they were – if
4 Events?	4 they were made after the end of the fiscal year
5 A. Ido.	5 and prior to the issuance of the audit report?
6 Q. And does this relate to the last	6 A. Yes, if they were deemed material or
7 sentence above the signature line on the	7 disclosable.
8 management representation letter that we talked	8 Q. Okay. I appreciate that.
9 about earlier where you made the representation	9 Do you see the next to the last
10 that you disclosed subsequent events?	10 entry there? It says, Over the course of 2019
11 A. I mean, it relates to it, but not in	11 through the report date, HCMFA issued
12 its entirety.	12 promissory notes to the partnership in the
13 Q. Okay.	13 aggregate amount of \$7.4 million?
14 MR. MORRIS: If we can scroll up to	14 A. Yes.
15 capture the entirety of this section right	15 Q. And does that refresh your
16 here.	16 recollection that those are the notes that
17 Q. And what do you mean by that, sir?	17 related to the NAV error that you mentioned
18 MR. MORRIS: Yeah, right there.	18 earlier?
19 Perfect.	19 A. I don't – I don't remember the
20 A. There are – there are different	20 exact. Again, there are – I mentioned two
21 subsequent events in – under GAAP. So there	21 line items; right?
22 are – and – and – so what we see in the	22 Q. Yes.
23 notes to the financial statements are one type	23 A. I mean, it was the GAAP conversion
24 of subevent.	24 process plus the – the NAV error. I don't
25 Q. Okay. And and would the type of	25 have the details. I don't recall specifically
Page 132	Page 133
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 if – you know, what – if that 7.4 million was	2 date, right, if – if my memory serves me
3 solely attributable to the NAV error.	3 right.
4 Q. Okay. But there is no question that	4 Q. Yes, I will represent to you that
5 Highland told PricewaterhouseCoopers that over	5 your memory is accurate in that regard.
6 the course of 2019 HCMFA issued promissory	6 Did anybody ever instruct you as the
7 notes to the partnership in the aggregate	7 CFO to correct this statement that we're
8 amount of \$7.4 million; correct?	8 looking at in subsequent events?
9 A. In the course of the audit, we would	9 A. So let me understand. You're saying
10 have produced all promissory notes in our	10 when I was CFO at Highland Capital did anyone
11 possession, including the ones that are	11 ever ask me to correct the – over the course
12 detailed here.	12 of 2019 through the report date HCMFA issued
13 Q. Do you recall that you signed the	13 promissory notes, this statement?
14 two promissory notes that are referenced in	14 Q. Right.
15 that provision?	15 A. Not that I'm aware.
16 MS. DANDENEAU: Objection to form.	16 Q. While you were the CFO of Highland,
17 A. I didn't recall initially but I've	17 did anybody ever tell you that that sentence
18 been reminded.	18 was wrong?
	19 A. Not that I'm aware.
19 Q. Okay. And – and do you recall that	
19 Q. Okay. And – and do you recall that 20 those notes are dated May 2nd and May 3rd	
20 those notes are dated May 2nd and May 3rd,	20 Q. Highland – withdrawn.
20 those notes are dated May 2nd and May 3rd, 21 2019?	 Q. Highland – withdrawn. HCMFA disclosed these notes in its
20 those notes are dated May 2nd and May 3rd,21 2019?22 A. Yes.	 Q. Highland – withdrawn. HCMFA disclosed these notes in its own audited financial statements; right?
 20 those notes are dated May 2nd and May 3rd, 21 2019? 22 A. Yes. 23 Q. So that was just a month before the 	 Q. Highland – withdrawn. HCMFA disclosed these notes in its own audited financial statements; right? MR. RUKAVINA: Objection, form.
20 those notes are dated May 2nd and May 3rd,21 2019?22 A. Yes.	 Q. Highland – withdrawn. HCMFA disclosed these notes in its own audited financial statements; right?

1	Page 134 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 135
2	statements, yes, they they they should be	2	June 3rd. It could have been done on June 4th.	
3	and they were likely disclosed.	3	I don't – I don't – I don't recall.	
4	Q. Now, there is no statement	4	Q. Okay.	
5	concerning the 2019 notes about the forbearance	5	MR. MORRIS: Can we put up on the	
6	that we looked at in the affiliated note	6	screen the HCMFA audit report. And while	
7	section of the report; right?	7	we're –	
8	MS. DANDENEAU: Objection to form.	8	MS. DANDENEAU: What exhibit is	
9	Q. I'll withdraw. That was bad.	9	this?	
10	Do you recall when we were looking	10	MR. MORRIS: La Asia, what number is	
		11	that?	
11	at the paragraph concerning HCMFA earlier it			
12	had that disclosure about the agreement whereby	12	MS. CANTY: 45.	
13	Highland wouldn't ask for demand on the – on	13	MR. MORRIS: So this will be marked	
14	the HCMFA notes?	14	as Exhibit 45.	
15	A. Yes.	15	(Exhibit 45 marked.)	
16	Q. That forbearance disclosure is not	16	MS. CANTY: Yeah, and I will put it	
17	, 9	17	in the chat.	
18	A. Not – look, not that I can recall,	18	MS. DANDENEAU: Thank you.	
19	unless – unless it was done at a subsequent	19	Q. Okay. All right. Do you see that	
20	day.	20	this is the consolidated financial statements	
21	Q. Right. And it is not in the	21	for HCMFA for the period ending 12/31/18?	
22	subsequent event section that we're looking at	22	A. Yes.	
23	right now where the 2019 notes are described;	23	Q. As the treasurer of HCMFA at the	
24	right?	24	time, did you have to sign a management	
25	A. Right. But this is through	25	representation letter similar to the one that	
	Page 136			
	1 ago 100	١.		Page 137
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 137
2	WATERHOUSE - 10-19-21 we looked at earlier for Highland?	2	Q. Okay. PricewaterhouseCoopers served	Page 137
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Case 5.21-CV-00001-A DUCUME EEXIMITELEM FIR	Caye 1 ball 200 Fage 124 Of 200 Fage D 33303
Page 138 1 WATERHOUSE - 10-19-21	Page 139 1 WATERHOUSE - 10-19-21
2 Q. Okay. Do you see that just like	2 Q. I apologize if I asked you this
3 Highland's audited financial report, HCMFA's	3 already, but has anybody ever told you at any
4 audited financial report also has a section	4 time that you are not authorized to sign the
5 related to subsequent events?	5 promissory notes that are the subject of the
6 A. Yes.	6 sentence we're looking at?
1 3	
8 just as Highland had done, HCMFA disclosed in	8 Q. Did anybody ever tell you at any
9 its audited financial report a subsequent event	9 time that you had made a mistake when you
10 that related to the issuance of promissory	10 signed the promissory notes that are the
11 notes to Highland in the aggregate amount of	11 subject of this sentence?
12 \$7.4 million in 2019?	12 A. Say that again. Did anyone ever say
13 A. That is what I see in the report.	13 that I made a mistake?
14 Q. And you were the treasurer of HCMFA	14 Q. Let me ask the question again.
15 at the time; right?	15 Did anybody ever tell you at any
16 A. Yes, to the best of my knowledge.	16 time that you made a mistake when you signed
17 Q. And did anybody ever tell you prior	17 the two promissory notes in Highland's favor on
18 to the time of the issuance of this audit	18 behalf of HCMFA in 2019?
19 report that that sentence relating to HCMFA's	19 A. Not that I recall.
20 2019 notes was inaccurate or wrong in any way?	20 MR. MORRIS: Let's just look at the
21 A. Not that I recall.	21 promissory notes quickly. Can we please
22 Q. As you sit here right now, has	put up Document Number 1, and so this is in
23 anybody ever told you that that sentence is	the pile that y'all have. We'll just go
24 inaccurate or wrong in any way?	for a few more minutes and we can take our
25 A. Not that I recall.	25 lunch break.
Page 140	Page 141
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 Q. All right. So I don't know if you	2 Q. Is that your signature, sir?
3 have seen this before, sir. Do you see that	3 A. Yes, it is.
4 this is a complaint against HCMFA?	4 Q. And did you sign this document on or
5 A. Yes, I am looking at it on the	5 around May 2nd, 2019?
6 screen.	6 A. I don't recall specifically signing
7 Q. Okay. And have you ever seen this	7 this, but this is my signature.
8 document before?	8 Q. Okay. And do you recall that
9 A. I went through some of these	9 Highland transferred \$2.4 million to HCMFA at
10 documents with my counsel here yesterday.	10 or around the time you signed this document?
11 MR. MORRIS: All right. Can we go	11 A. I don't recall specifically. I
12 to Exhibit 1 of this document.	12 would want to, as I sit here today, go back and
13 Q. Do you see Exhibit 1 is a	13 confirm that, but again, presumably that
14 \$2.4 million promissory note back in 2019?	14 that – that did happen.
15 A. Yeah, I found it in the book. Yes,	15 Q. You wouldn't have signed this
16 I have it here in front of me.	16 document if you didn't believe that HCMFA
17 Q. And this is a demand note, right, if	17 either received or was going to receive
18 you look at Paragraph 2?	18 \$2.4 million from Highland; is that fair?
19 A. Yes.	19 A. I mean, it – if – if there
20 Q. And this is a note where the maker	20 wasn't a transfer of value, yeah, I mean, you
21 is HCMFA, and Highland is the payee; right?	21 know, I would have no reason to – to sign a
22 A. Yes.	22 note.
23 MR. MORRIS: And if we can scroll	23 Q. And – and Highland wouldn't have
down, can we just see Mr. Waterhouse's	24 given this note to PricewaterhouseCoopers if –
25 signature.	25 withdrawn.
25 Signature.	25 Maidren .

Page 142	Page 142
Page 142 1 WATERHOUSE - 10-19-21	Page 143 1 WATERHOUSE - 10-19-21
2 HCMFA wouldn't have given this note	2 A. Yes.
3 to PricewaterhouseCoopers if it hadn't received	3 Q. And if we go to the bottom, can we
4 the principal value of – of the note in the	4 just confirm that that is your signature?
5 form of a loan; correct?	5 A. Yes.
6 MR. RUKAVINA: Objection, legal	6 Q. And together these notes are the
7 conclusion, speculation and form.	7 notes that are referred to both in Highland and
8 A. Again, we – what we provided to PwC	8 HCMFA's audited financial reports in the
9 were, as part of the audit, any promissory	9 subsequent event sections; correct?
10 notes executed and outstanding. You know, as a	10 MS. DANDENEAU: Objection to form.
11 part of the audit, they, you know, they – they	11 A. They – they – they totaled
12 have copies of all the bank statements,	12 \$7.4 million, so presumably, yes.
13 things – things of that sort.	13 Q. Okay. And you were authorized to
14 MR. MORRIS: Okay. Can we go to	14 sign these two notes; correct?
15 Exhibit 2.	15 MR. RUKAVINA: Objection, legal
16 (Exhibit 2 marked.)	16 conclusion.
17 Q. Do you see that this is a promissory	17 A. Yeah. I mean, I'm – I was the
18 note dated May 3rd, 2019 in the amount of	18 officer of – of HCMFA. You know, I – I'm not
19 \$5 million?	· ·
20 A. Yes.	19 the legal expert on – on what that – what20 that confers to me or what it doesn't. I mean,
· · · · · · · · · · · · · · · · · ·	· ·
,	21 that is my signature on the notes.22 Q. And you believed you were authorized
22 note if you look at Paragraph 2?23 A. Yes.	
	23 to sign the notes; is that fair?
24 Q. And do you see that HCMFA is the	24 A. I signed a lot of documents in my
25 maker, and Highland is the payee?	25 capacity, just because it is operational in
Page 144	
	Page 145
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 nature. So, you know, to me this was just	1 WATERHOUSE - 10-19-21 2 form.
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Page 146	Page 147
1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-2	
2 notes? 2 would have been drafted by some	body in the
3 A. I didn't ask – I don't specifically 3 legal department?	
4 ask people to draft notes really. I mean, 4 MS. DEITSCH-PEREZ: O	bject to the
5 again, you know, the legal group at Highland is 5 form.	
6 responsible and has always been responsible for 6 A. Yes.	
7 drafting promissory notes. 7 Q. Okay. And do you know w	who would
8 Q. So based on your – based on the 8 have instructed – do you have any	knowledge as
9 practice, you believe that somebody from the 9 to who would have instructed the le	egal
10 Highland's legal department would have drafted 10 department to draft these notes?	
11 these notes. Do I have that right? 11 MS. DEITSCH-PEREZ: 0	Object to the
12 MS. DEITSCH-PEREZ: Object to the 12 form.	
13 form. John, I also asked you for the Word 13 A. It was whoever was worki	ng – I
14 versions of these notes so we could look at 14 mean, it was likely someone on the	•
15 the properties, and you have not provided 15 mean, I don't remember exactly or	
16 them. Are you intending to? 16 every document, but, again, a lot of	•
17 MR. MORRIS: No. 17 things of this nature – they're oper	
18 Q. Can you answer my question, sir? 18 nature – were handled by the tear	
19 A. Again, I – 19 The team knows to – I mea	
20 MS. DANDENEAU: Do you want him to 20 don't draft documents. We're not	·
21 repeat it? 21 We're not attorneys. It is not what	•
22 A. Yeah, why don't you repeat it? 22 accountants do.	114001
23 Q. Sure. Mr. Waterhouse, based on the 23 So they are always instruct	ted to go
24 practice that you have described in your 24 and – and go to the legal team to	•
25 understanding, do you believe that these notes 25 documents like this drafted. Also,	_
	when you go
Page 148 1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-2	Page 149 21
2 to the legal team, the – you know, we always 2 corporate accounting group gave t	
3 loop in compliance. And compliance – when you 3 to PricewaterhouseCoopers in cor	
4 go to the legal team, compliance is part of 4 the audit; correct?	
5 legal team. They're made aware of – of – of 5 MS. DANDENEAU: Object	ction to form
6 these types of transactions. 6 A. Yes. I mean, that is – yea	
7 Q. And do you believe that you had 7 mean, they – unless the legal tean	
8 the – withdrawn. 8 retain copies of items like this. I me	
9 Did you ever tell Mr. Dondero - 9 don't know everything that they wo	
10 (inaudible) – did you see those?	
11 A. Sorry. 11 The legal team would also.	if thev
12 MS. DEITSCH-PEREZ: I did not hear 12 had documents as part of audits, t	-
13 the end of that question. 13 to the auditors as well. So it could	
14 Q. Did you ever tell Mr. Dondero that 14 the corporate accounting team. It	
15 you signed these two notes? 15 someone on the legal team.	
16 A. I don't recall ever – no, I don't 16 Q. All right. So you didn't – y	/OLI
17 recall having a conversation with him. 17 didn't draft this note; right?	you
 Q. Did you ever discuss these two notes With him at any time? Q. But somebody at Highlan 	d did: is
r a warrand digny after	u uiu, io
20 A. The conversation, I recall, was what 20 that fair?	This at the
20 A. The conversation, I recall, was what 21 I described earlier. And that is the only time 20 that fair? 21 MS. DEITSCH-PEREZ: 0	Dbject to the
20 A. The conversation, I recall, was what 21 I described earlier. And that is the only time 22 I recall ever discussing this. 20 that fair? 21 MS. DEITSCH-PEREZ: C	
20 A. The conversation, I recall, was what 21 I described earlier. And that is the only time 22 I recall ever discussing this. 23 Q. Okay. But the corporate accounting 20 that fair? 21 MS. DEITSCH-PEREZ: C 22 form. 23 A. I don't know. I mean, we	can go to
20 A. The conversation, I recall, was what 21 I described earlier. And that is the only time 22 I recall ever discussing this. 20 that fair? 21 MS. DEITSCH-PEREZ: C	can go to tting

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîbit 254 FRage 1409/2131 Page 127 of 200 PageID 35588

	raye 127 01 200 Page 12 55566
Page 150 1 WATERHOUSE - 10-19-21	Page 151 1 WATERHOUSE - 10-19-21
2 outside counsel. I have no idea.	2 VIDEOGRAPHER: We are back on the
3 Q. Did you have any reason to believe	3 record at 1:49 p.m.
4 you weren't authorized to sign this note,	4 Q. Mr. Waterhouse, did you speak with
5 either of these two notes?	5 anybody during the break about the substance of
6 A. I think I have already answered that	6 this deposition?
7 question.	7 A. I spoke to to Deb and Michelle.
· ·	8 Q. About the substance of the
 9 to PricewaterhouseCoopers; correct? 10 MS. DANDENEAU: Objection to form. 	9 deposition? 10 A. Yes.
·	
11 A. I don't recall giving these to	11 Q. Can you tell me what you talked
12 PricewaterhouseCoopers.	12 about?
13 Q. And in the practice that you have	13 MS. DANDENEAU: No. We object on
14 described, somebody in the corporate accounting	14 the basis of privilege.
15 group would have given these two notes to	15 Q. Okay. You are going to follow your
16 PricewaterhouseCoopers; correct?	16 counsel's objection here?
17 MS. DANDENEAU: Objection to form.	17 A. Yes.
18 A. I think I've answered that. I said	18 Q. Okay.
19 either the corporate accounting team or maybe	19 MR. MORRIS: Can we put up on the
20 the legal team.	20 screen Exhibit 35.
21 MR. MORRIS: Okay. Why don't we	21 (Exhibit 35 marked.)
22 take our lunch break here.	22 Q. Are you able to see that document,
23 VIDEOGRAPHER: We're going off the	23 sir?
24 record at 1:04 p.m.	24 A. Yes.
25 (Recess taken 1:04 p.m. to 1:49 p.m.)	25 Q. Have you ever seen an incumbency
Page 152	Page 153
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 certificate before?	2 A. Again, I'm not the legal – I don't
3 A. I have.	3 know if this makes me the treasurer or the
4 Q. Do you have a general understanding	4 appointment. I don't know I don't know
5 of what an incumbency certificate is?	5 that, so I don't I don't know if that
6 A. I have a general understanding.	6 document again, I think again, I'm not
7 Q. What is your general understanding?	7 the legal expert. I think isn't there –
8 A. You know, those – my general	8 aren't there other legal documents that detail
9 understanding is that the incumbency	9 who the officers are that could be incorporated
10 certificate basically lists folks that can –	10 or things like that? Again, I don't want to
11 are like authorized signers.	11 play armchair attorney here.
12 Q. Okay. And do you see that this is	12 Q. I'm not asking you for a legal
13 an incumbency certificate for Highland Capital	13 conclusion. I'm asking you for your knowledge
14 Management Fund Advisors, L.P.?	14 and understanding. When you signed this
15 A. Yes.	15 document, did you understand that you were
16 Q. Okay. And if we could scroll down	16 accepting an appointment as the treasurer of
17 just a little bit, do you see that it's dated	17 HCMFA?
18 effective as of April 11th, 2019?	18 MS. DANDENEAU: Objection to form.
19 A. Yes, I see that.	19 MS. DEITSCH-PEREZ: Objection, form.
20 Q. Okay. And is that your signature in	20 A. Again, I don't think this – that
21 the middle of the signature block?	21 wasn't my understanding. I don't think this
22 A. Yes, it is.	22 makes – this document makes me the treasurer.
23 Q. And by signing it, did you accept	23 Q. What do you think this document –
24 appointment as the treasurer of HCMFA effective	•
	24 why did you sign this document?
25 as of April 11th, 2019?	 24 why did you sign this document? 25 MS. DEITSCH-PEREZ: Objection to

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîbit 2 FRage 11/09/21/31 Page 128 of 200 PageID 35589

Page 154 1 WATERHOUSE - 10-19-21	
VATERHOUSE - 10-19-21	Page 155 1 WATERHOUSE - 10-19-21
2 form.	2 Q. Did anybody tell you why they needed
3 MR. MORRIS: You're objecting to the	3 you to sign the document?
4 form of the question when I asked him why	4 A. Not that I can recall.
5 did you sign the document? What is the	5 Q. You testified earlier that you
6 basis for the objection?	6 understood that you served as the acting
7 MS. DEITSCH-PEREZ: Because, John, I	7 treasurer for HCMFA; correct?
	The state of the s
8 think that it does call for a legal	
9 conclusion other than – with him saying	9 Q. How did you become the acting
because somebody told me to sign this	10 treasurer of HCMFA?
document. But if you want to go there,	11 MS. DANDENEAU: Objection to form.
12 that is fine.	12 A. I don't – I don't know the legal –
13 MR. MORRIS: Okay.	13 I don't know the legal mechanic of how I became
14 MS. DANDENEAU: I don't think –	14 the acting treasurer.
he's already said he's not a lawyer.	15 Q. I'm not asking for the legal
16 MR. MORRIS: I'll allow the witness	16 mechanic. I'm asking you as the person who
17 to answer this question.	17 is –
18 Q. Why did you sign this document, sir?	18 MS. DANDENEAU: John, you said –
19 A. I mean, our – our legal group would	19 MR. MORRIS: Stop.
20 bring by these incumbency certificates from	20 MS. DANDENEAU: – how did you
21 time to time. I have no idea why they're being	21 become the treasurer. That is –
22 updated, and I was asked to sign.	22 MR. MORRIS: Please stop.
23 Q. Did you ask anybody, what is this	23 MS. DANDENEAU: That is a legal
24 document?	24 question.
25 A. No.	25 MR. MORRIS: I am not asking any
Page 156	Page 157
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 legal questions, to be clear. I'm asking	2 MS. DANDENEAU: Objection.
3 for this witness' understanding as to how	3 MR. MORRIS: – withdrawn. You guys
4 he became the acting treasurer of HCMFA.	4 want to do this, I can't wait. I can't
5 If he doesn't know, he can say he doesn't	5 wait. This is the craziest stuff ever.
6 know but this local stuff is possessed and	
6 know, but this legal stuff is nonsense, and	6 MS. DANDENEAU: John, he said he's
7 I really object to it.	6 MS. DANDENEAU: John, he said he's 7 not a lawyer, and you are asking him for a
7 I really object to it.	7 not a lawyer, and you are asking him for a
7 I really object to it.8 Q. Sir, I'm asking you a very simple	7 not a lawyer, and you are asking him for a8 legal conclusion, and he says he doesn't
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9 current acting treasurer. 9 time that you made a mistake when you signed	
10 Q. Did anybody ever tell you at any 10 the two promissory notes that we looked at	
11 time that even though you were the acting 11 before lunch?	
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17 Q. Did anybody ever tell you at any 19 A life if this is the attraction to form.	
18 time that you were not authorized to sign the 18 A. If – if this is the – the valid	
19 two promissory notes that we looked at before 19 incumbency certificate, I mean, this does –	
20 lunch? 20 this does detail who the signers are.	
21 A. Not that I recall. 21 Q. Okay. And looking at that document,	
22 Q. Did anybody ever tell you at any 22 does that give you comfort that you were	
23 time that you should not have signed the two 23 authorized to sign the two promissory notes	
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25 MS. DEITSCH-PEREZ: Object to the WATERHOUSE - 10-19-21 1	Page 161

Page 162	Page 163
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 A. I'm – I'm – I'm generally aware.	2 Q. Sometime in 2021?
3 Q. Okay. And are you generally aware	3 A. Yes.
4 that from time to time, after the note was	4 Q. Do you remember what payment he was
5 issued by NexPoint, that moneys were applied to	5 referring to?
6 principal and interest that were due under the	6 A. It was the the payment made in
7 NexPoint note?	7 January of 2021 or yeah, January of of
8 A. Yes, I'm generally aware.	8 this – January of 2021.
9 Q. Okay. And did anybody ever tell you	9 Q. Okay. So did anybody ever tell you
10 that the payments that were made against the	10 at any time that any payment that was made
11 NexPoint notes were made by mistake?	11 against principal
12 A. Yes.	12 A. And and hold on, and it
13 Q. And is it the one payment that we	13 may have been other – again, it may have been
14 talked about earlier today?	14 that payment or – or there may have been what
15 A. We talked about a lot of things	15 he was explaining, a misapplication of prior
16 today. What payment are we talking about?	16 payments as well.
17 Q. Okay. Who told you that any payment	17 Q. Can you – can you give me any
18 made against the NexPoint note was made by	18 specificity – withdrawn.
19 mistake?	19 Withdrawn. Can you tell me
20 A. D.C. Sauter.	20 everything that Mr. Sauter told you about
21 Q. When did Mr. Sauter tell you that?	21 about errors in relation to payments made
22 A. I don't – I don't remember	22 against principal and interest due under the
23 specifically.	23 NexPoint note?
24 Q. Do you remember what payments –	24 MS. DANDENEAU: Can I just –
25 A. Sometime – sometime this year.	25 MR. RUKAVINA: Hold on. Hold on.
Page 164	Page 165
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 I'm going to object here, and I'm going to	1 WATERHOUSE - 10-19-212 Highland's employment, or did it happen after
1 WATERHOUSE - 10-19-21 2 I'm going to object here, and I'm going to 3 instruct the witness not to answer	 1 WATERHOUSE - 10-19-21 2 Highland's employment, or did it happen after 3 you left Highland's employment?
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	Page 166 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 167
2	conversation took place in 2021. You just	2	Q. Did you tell any of the employees at	
3	don't remember if it was before or after you	3	Highland before you left Highland's employment	
4	left Highland's employment. Do I have that	4	about this call that you had with Mr. Sauter?	
5	right?	5	MS. DANDENEAU: Objection to form.	
6	A. It was sometime this year. I	6	A. No, I don't no, I don't recall.	
7	don't – I don't remember.	7	Q. NexPoint – to the best of your	
8	Q. Okay. Did you report this	8	knowledge, did NexPoint ever file a proof of	
9	conversation to Mr. Seery at any point?	9	claim against Highland to try to recover moneys	
10	A. I don't believe so.	10	that were mistakenly paid against the principal	
11	Q. Did you report this conversation to	11	and interest due under the note?	
 12		12	A. Okay. Hold on. You are saying did	
13	A. I don't recall.	13	NexPoint Advisors file a proof of claim to	
14	Q. Do you have – you don't have a	14	Highland for errors related to payments under	
15		15	the NexPoint note to Highland?	
16	A. Yeah, that's right. I don't recall	16	Q. Correct.	
	~	17	Q. Correct.A. I'm – I'm not – I'm not	
17 10	S .			
18 10	Q. Do you recall telling anybody at	18	aware.	
19 20	Pachulski Stang about the conversation you	19	Q. Are you aware –	
20 24	recall with Mr. Sauter?	20	A. I'm not the legal person here, I	
21	A. No, I don't – I don't recall.	21	don't know.	
22	Q. Did you tell any of the independent	22	Q. I'm just asking for your knowledge,	
23	,	23		
24		24	A. Yeah, I don't know. I'm not aware.	
25	A. I don't recall.	25	Q. Are you aware of any claim of any	
_	Page 168			age 16
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	kind that NexPoint has ever made to try to	2	the same time each year?	
3	recover the amounts that it contends were – or	3	A. Yes, it is – it is around the same	
4	that Mr. Sauter contend were mistakenly applied	4	time every vear	
5	against principal and interest due under the	l _	time every year.	
6		5	Q. And what what time period of the	
	NexPoint note?	6	Q. And what – what time period of the year does the renewal process occur?	
7	A. I'm not aware.	6 7	Q. And what – what time period of theyear does the renewal process occur?A. Approximately the September	
8	A. I'm not aware. MS. DANDENEAU: Objection to form.	6 7 8	 Q. And what – what time period of the year does the renewal process occur? A. Approximately the September timeframe. 	
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	Page 171
1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21	
2 Q. No, I apologize. 2 up keep going just a little bit.	
3 Do you have an understanding of 3 Q. You will see that there is an email	
4 what – of what 15(c) refers to in the context 4 from Lauren Thedford to Thomas Surgent and	
5 of the annual renewal process? 5 others where she reports that she was attaching	ng
6 A. Yes, generally. 6 and reproducing below additional 15(c)	
7 Q. All right. What is your general 7 follow-up questions from the board.	
8 understanding of the term "15(c)" in the 8 Do you see that?	
9 context of the annual renewal process? 9 A. Yes.	
10 A. I – I think 15(c) is the section 10 Q. And do you see Question No. 2 asks	
11 that – that – you know, that – that the 11 whether there are any material outstanding	
12 board has to evaluate every year, the retail 12 amounts currently payable or due in the future)
13 board. They have to, you know, go through, 13 (e.g., notes) to HCMLP by HCMFA or NexPoi	nt
14 evaluate, and go through that approval process 14 Advisors or any other affiliate that provides	
15 on a yearly basis. 15 services to the funds?	
16 Q. Okay. 16 Do you see that?	
17 MR. MORRIS: Can we put up on the 17 A. Yes.	
18 screen Exhibit 36, please. 18 Q. And and did you do you recall	
19 (Exhibit 36 marked.) 19 that in – in October of 2020 the retail boards	
20 MR. MORRIS: I guess let's just 20 were asking for that information?	
21 start at the bottom so Mr. Waterhouse can 21 A. I don't recall it, but there –	
22 see what is here. 22 they're obviously asking in this email.	
23 Q. You see this begins with an email 23 Q. Okay.	
24 from Blank Rome to a number of people. 24 MR. MORRIS: Can we scroll up a	
25 MR. MORRIS: And if we can scroll 25 little bit, please.	
Page 172	Page 173
1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21	
2 Q. And then do you see that 2 funds as we defined that term?	
3 Ms. Thedford includes you on the email string 3 A. Yes.	
1 / on Luceday () otobor 6th at 6:60')	
4 on Tuesday, October 6th, at 5:52? 4 Q. What is your understanding of the	
5 A. Yes. 5 positions that Ms. Thedford held at the retail	
5 A. Yes. 5 positions that Ms. Thedford held at the retail 6 Q. And she asks you and Dave Klos and 6 funds?	
5 A. Yes. 5 positions that Ms. Thedford held at the retail 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 7 A. I – I recall her being an officer.	
5 A. Yes. 5 positions that Ms. Thedford held at the retail 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 7 A. I – I recall her being an officer. 8 Request No. 2 that I have just read; right? 8 I don't recall her title.	
5 A. Yes. 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 8 Request No. 2 that I have just read; right? 9 A. Yes. 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at	
5 A. Yes. 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 8 Request No. 2 that I have just read; right? 9 A. Yes. 9 Q. Okay. Is she still an officer at 10 Q. Okay. Can you tell me who 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today?	
5 A. Yes. 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 8 Request No. 2 that I have just read; right? 9 A. Yes. 10 Q. Okay. Can you tell me who 11 Ms. Thedford held at the retail 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No.	
5 A. Yes. 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 8 Request No. 2 that I have just read; right? 9 A. Yes. 9 Q. Okay. Can you tell me who 10 Q. Okay. Can you tell me who 11 Ms. Thedford is? 12 A. She was an attorney that was in the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be	an
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5 A. Yes. 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 8 Request No. 2 that I have just read; right? 9 A. Yes. 9 Q. Okay. Is she still an officer at 10 Q. Okay. Can you tell me who 11 A. No. 12 A. She was an attorney that was in the 13 legal group. 14 Q. At Highland Capital Management, 15 L.P.? 16 A. I'm – I'm – I don't 17 remember if she was an employee of Highland or 18 any of the advisors. 19 Q. Okay. Do you know when she becar 20 the corporate secretary for both HCMFA and 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be 13 legal group. 14 A. Approximately. 15 Q. And when did she approximately cean 16 to be an officer of the retail funds? 17 A. It was in – it was in early of 18 2021. 19 Q. Okay. Do you know when she becar 20 an officer of the retail funds?	se
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5 A. Yes. 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 8 Request No. 2 that I have just read; right? 9 A. Yes. 10 Q. Okay. Can you tell me who 11 Ms. Thedford is? 11 A. No. 12 A. She was an attorney that was in the 13 legal group. 14 Q. At Highland Capital Management, 15 L.P.? 16 A. I'm – I'm – I don't 17 remember if she was an employee of Highland or 18 any of the advisors. 19 Q. Okay. Do you know when she becar 20 the corporate secretary for both HCMFA and 20 And – okay. 21 A. Yes. 22 Q. To the best of your recollection, 23 Q. And – okay. 25 Idon't recall her title. 26 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cean 16 to be an officer of the retail funds? 17 A. It was in – it was in early of 18 2021. 19 Q. Okay. Do you know when she becar 20 the corporate secretary for both HCMFA and 20 an officer of the retail funds? 21 A. I don't recall. 22 Q. To the best of your recollection, 23 Q. And – okay.	se
5 A. Yes. 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 8 Request No. 2 that I have just read; right? 9 A. Yes. 9 Q. Okay. Can you tell me who 10 any of the retail funds today? 11 Ms. Thedford is? 12 A. She was an attorney that was in the 13 legal group. 14 Q. At Highland Capital Management, 15 L.P.? 16 A. I'm - I'm - I don't 17 remember if she was an employee of Highland or 18 any of the advisors. 19 Q. Okay. Do you know when she ceased to be an officer of the retail funds? 16 to be an officer of the retail funds? 17 A. It was in - it was in early of 18 any of the advisors. 19 Q. Okay. Do you know when she becar 20 the corporate secretary for both HCMFA and 21 NexPoint? 22 A. Yes. 25 positions that Ms. Thedford held at the retail 6 funds? 7 A. I - I recall her title. 9 A. I - I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be 13 legal group. 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cea 16 to be an officer of the retail funds? 17 A. It was in - it was in early of 18 2021. 19 Q. Okay. Do you know when she becar 20 the corporate secretary for both HCMFA and 21 NexPoint? 22 A. Yes. 22 Q. To the best of your recollection,	se

1	Page 174 WATERHOUSE - 10-19-21	1	Page 175 WATERHOUSE - 10-19-21
2	Q. Okay. Do you know what title she	2	refer her to the balance sheet that was
l	held in her capacity as an officer, if any?		
l		3	provided to the board as part of the 15(c)
4	•	4	materials.
5	Q. Okay. So she sends this email to	5	Do you see that?
6	you at 5:52 p.m. on October 6th.	6	A. Yes.
7	And if we can scroll up to the	7	Q. And – and did the advisors provide
	response, you responded a minute later with a	8	to the board certain balance sheets in 2020 in
l	one-word answer: Yes.	9	connection with the 15(c) review?
10	Do you see that?	10	A. Yes, they did.
11	A. Yes.	11	Q. Okay. And were the amounts that
12	Q. And – and yes is – yes was in	12	were outstanding or that were to be due in the
13	response to the retail board's Question No. 2,	13	future by the advisors to Highland included in
14	right, whether there are any material	14	the liability section of the balance sheet that
15	outstanding amounts currently payable or due in	15	was given to the retail board?
16	the future?	16	A. Yes. Notes would be reflected as
17	A. Yes.	17	liabilities.
18	MR. MORRIS: And can we scroll up to	18	Q. Okay. And –
19	see what happened next.	19	A. If I'm understanding your question
20	Q. So Ms. Thedford writes back to you a	20	correctly.
21	few minutes later and she asks whether you	21	Q. You are. And – and – and those
22	could provide the amounts.	22	liabilities you – you were – you believed
23	Do you see that?	23	were responsive to the retail board's question;
24	A. Yes.	24	·
25	Q. And then you respond further and you	25	A. Yes.
	Page 176		Page 177
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21
2	Q. Okay. And then if we can scroll up,	2	questions?
3	you see Ms. Thedford responds to you	3	Q. Yes.
4	nine minutes later with a draft response.	4	A. Yes.
5	Do you see that?	5	Q. Thank you.
6	A. Yes.	6	MS. DEITSCH-PEREZ: John, it is not
7	Q. And she says that she is taking from	7	in the chat yet. Can you just make sure it
8	the 6/30 financials certain information about	8	gets put in there.
l	amounts that were due to HCMLP and affiliates	9	MR. MORRIS: Sure.
10	as of June 30th, 2020.	10	MS. CANTY: I put it in there. I
11	Do you see that?	11	think maybe I just sent it directly, so let
12	A. Ido.	12	me make sure it says to everyone. But I
13	Q. Okay. And did you believe, as the	13	did put it in there. I will try again.
Ι.		13	
1 77	treasurer of NevPoint and HCMEA and as the CEO	11	MP MORRS: Thank you La Asia
14	treasurer of NexPoint and HCMFA and as the CFO	14	MR. MORRIS: Thank you, La Asia.
15	of Highland, that the information that	15	MS. DANDENEAU: What number is it.
15 16	of Highland, that the information that Ms. Thedford obtained from the 6/30 financials	15 16	MS. DANDENEAU: What number is it. MR. MORRIS: What, the Bates number?
15 16 17	of Highland, that the information that Ms. Thedford obtained from the 6/30 financials was accurate and responsive in relation to the	15 16 17	MS. DANDENEAU: What number is it. MR. MORRIS: What, the Bates number? MS. DEITSCH-PEREZ: No, the
15 16 17 18	of Highland, that the information that Ms. Thedford obtained from the 6/30 financials was accurate and responsive in relation to the retail fund board's question?	15 16 17 18	MS. DANDENEAU: What number is it. MR. MORRIS: What, the Bates number? MS. DEITSCH-PEREZ: No, the — this – yeah, 36 is not in the chat.
15 16 17 18 19	of Highland, that the information that Ms. Thedford obtained from the 6/30 financials was accurate and responsive in relation to the retail fund board's question? A. I just want to make sure I	15 16 17 18 19	MS. DANDENEAU: What number is it. MR. MORRIS: What, the Bates number? MS. DEITSCH-PEREZ: No, the — this – yeah, 36 is not in the chat. MR. MORRIS: Okay. We'll get it.
15 16 17 18 19 20	of Highland, that the information that Ms. Thedford obtained from the 6/30 financials was accurate and responsive in relation to the retail fund board's question? A. I just want to make sure I understand the question.	15 16 17 18 19 20	MS. DANDENEAU: What number is it. MR. MORRIS: What, the Bates number? MS. DEITSCH-PEREZ: No, the — this — yeah, 36 is not in the chat. MR. MORRIS: Okay. We'll get it. MS. DANDENEAU: I think that
15 16 17 18 19 20 21	of Highland, that the information that Ms. Thedford obtained from the 6/30 financials was accurate and responsive in relation to the retail fund board's question? A. I just want to make sure I understand the question. Are you saying that the financial	15 16 17 18 19 20 21	MS. DANDENEAU: What number is it. MR. MORRIS: What, the Bates number? MS. DEITSCH-PEREZ: No, the — this – yeah, 36 is not in the chat. MR. MORRIS: Okay. We'll get it.
15 16 17 18 19 20	of Highland, that the information that Ms. Thedford obtained from the 6/30 financials was accurate and responsive in relation to the retail fund board's question? A. I just want to make sure I understand the question. Are you saying that the financial information provided to the retail board as	15 16 17 18 19 20 21 22	MS. DANDENEAU: What number is it. MR. MORRIS: What, the Bates number? MS. DEITSCH-PEREZ: No, the — this — yeah, 36 is not in the chat. MR. MORRIS: Okay. We'll get it. MS. DANDENEAU: I think that
15 16 17 18 19 20 21	of Highland, that the information that Ms. Thedford obtained from the 6/30 financials was accurate and responsive in relation to the retail fund board's question? A. I just want to make sure I understand the question. Are you saying that the financial information provided to the retail board as part of the 15(c) process, which included	15 16 17 18 19 20 21 22 23	MS. DANDENEAU: What number is it. MR. MORRIS: What, the Bates number? MS. DEITSCH-PEREZ: No, the — this — yeah, 36 is not in the chat. MR. MORRIS: Okay. We'll get it. MS. DANDENEAU: I think that Ms. Canty just sent it to me originally.
15 16 17 18 19 20 21 22	of Highland, that the information that Ms. Thedford obtained from the 6/30 financials was accurate and responsive in relation to the retail fund board's question? A. I just want to make sure I understand the question. Are you saying that the financial information provided to the retail board as	15 16 17 18 19 20 21 22	MS. DANDENEAU: What number is it. MR. MORRIS: What, the Bates number? MS. DEITSCH-PEREZ: No, the — this — yeah, 36 is not in the chat. MR. MORRIS: Okay. We'll get it. MS. DANDENEAU: I think that Ms. Canty just sent it to me originally. Sorry.

1	Page 178 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 179
2	for everyone.	2	Did – do you know if anybody ever	
3	MS. DEITSCH-PEREZ: Got it. Thank	3	answered the retail board's question that was	
4		4	Number 2?	
l	you.			
5	Q. Do you recall if the proposed	5	A. I don't – I can't say for sure.	
6	response that Ms. Thedford crafted was	6	Q. Okay. Do you recall – I think you	
7	delivered to the retail board with the – with	7	testified earlier that you walked through the	
8	the yellow dates having been completed?	8	advisors' financials with the retail board;	
9	A. I don't know.	9	correct?	
10	MR. MORRIS: Davor, I'm going to ask	10	A. Yes.	
11	that the advisors and – the advisors of	11	Q. And as part of that process, did you	
12	both HCMFA and NexPoint produce to me any	12	disclose to the retail board the obligations	
13	report that was given to the retail board	13	that NexPoint and HCMFA had to Highland under	
14	concerning the promissory notes at issue,	14	promissory notes?	
15	including the obligations under the notes.	15	A. The retail board, as I stated	
16	Q. Do you know – do you know if	16	earlier, receives financial information,	
17	ultimately NexPoint informed the retail board	17	balance sheet, income statement information	
18	in response to its question that NexPoint owed	18	from the advisors. That information is	
19	Highland approximately 23 or \$24 million?	19	provided to the retail board in connection with	
20	MS. DANDENEAU: Objection to the	20	the 15(c) process.	
21	form.	21	So any notes between the advisors	
22	A. Sorry, are you asking, did NexPoint	22	and the Highland would be – anything would be	
ı			detailed in those financial statements.	
23	tell the retail board that it owed Highland?	23		
24	Q. Let me ask a better question,	24	Q. Do you recall in 2020 ever speaking	
25	Mr. Waterhouse.	25	with the retail board about the advisors'	
1	Page 180 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 181
2	obligations under the notes to Highland?	2	behalf of HCMFA ever told the retail boards	
1				
3	MS. DANDENEAU: Objection to form.	3	that you weren't authorized to sign either of	
4	MS. DEITSCH-PEREZ: Object to the	4	the two 2019 notes?	
5	form.	5	MS. DANDENEAU: Objection to form.	
6	A. I don't recall specifically.	6	A. I'm not aware.	
7	Q. Do you have any general recollection	7	Q. Are you aware of anybody on behalf	
8	of discussing with the retail board the	8	of HCMFA ever telling the retail boards that	
9	advisors' obligations to Highland under the	9	your execution of the two 2019 notes was a	
10	notes that they issued?	10	mistake?	
11	MS. DANDENEAU: Object to the form.	11	MS. DANDENEAU: Objection to form.	
12	MS. DEITSCH-PEREZ: Object to the	12	A. I'm not aware.	
13	•		Q. Are you aware of anybody on behalf	
1 10	form.	13	Q. The you aware of anybody of bendin	
14	torm. A. I just recall generally just – it	13 14	of HCMFA ever telling the retail boards that	
l	A. I just recall generally just – it			
14	A. I just recall generally just – it is just – I present the financial statements,	14	of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected	
14 15 16	A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their	14 15 16	of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019?	
14 15 16 17	A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through.	14 15 16 17	of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware.	
14 15 16 17 18	A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I	14 15 16 17 18	of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever	
14 15 16 17 18 19	A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I	14 15 16 17 18 19	of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards – withdrawn.	
14 15 16 17 18 19 20	A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I don't recall anything of that nature.	14 15 16 17 18 19 20	of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards – withdrawn. Do you know whether anybody ever	
14 15 16 17 18 19 20 21	A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I don't recall anything of that nature. Q. Okay. Do you know if anybody on	14 15 16 17 18 19 20 21	of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards – withdrawn. Do you know whether anybody ever told the retail boards that Highland has	
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14 15 16 17 18 19 20 21 22 23	A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I don't recall anything of that nature. Q. Okay. Do you know if anybody on behalf of HCMF – HCMFA ever told the retail board that HCMFA had no obligations under the	14 15 16 17 18 19 20 21 22 23	of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards – withdrawn. Do you know whether anybody ever told the retail boards that Highland has commenced a lawsuit to recover on the two notes that you signed in 2019?	
14 15 16 17 18 19 20 21 22	A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I don't recall anything of that nature. Q. Okay. Do you know if anybody on behalf of HCMF – HCMFA ever told the retail	14 15 16 17 18 19 20 21 22	of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards – withdrawn. Do you know whether anybody ever told the retail boards that Highland has commenced a lawsuit to recover on the two notes	

Page 182	Page 183
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 the retail boards that Highland has sued to	2 Q. Okay. And do you see that Dustin
3 recover on the NexPoint note?	3 Norris is copied on this email?
4 A. I'm not aware.	4 A. Yes, he is.
5 Q. Do you know whether anybody ever	5 Q. Great. Do you know whether
6 told the retail board that Highland had	6 Mr. Norris held any positions at either of the
7 declared a default with respect to the two	7 advisors as of October 6, 2020?
8 HCMFA notes that you signed in 2019?	8 A. I will go back to – I'm not the
9 A. I'm not aware.	9 legal expert of what appoints you or how or
10 Q. Are you aware of anybody ever	10 why, but you did see Dustin's name on the
11 informing the retail boards that Highland had	11 incumbency certificate that you produced
12 declared a default under the NexPoint note?	12 earlier.
13 A. I'm not aware.	13 Q. Do you know what his title was in
14 Q. Are you aware of anybody telling the	14 October of 2020?
15 retail board that Highland made a demand for	15 MS. DANDENEAU: Objection to form.
16 payment under the 2019 notes that you signed on	16 A. I don't – I don't recall.
17 behalf of HCMFA?	17 Q. Was he – did he have a title with
18 A. I'm not aware.	18 each of the advisors, to the best of your
19 Q. Let's – let's see if there is a	19 recollection?
20 response to Ms. Thedford's email, if we can	20 A. I don't recall.
21 scroll up.	21 Q. Do you know why he is included on
22 Do you see you responded to	22 this email string?
23 Ms. Thedford five minutes after she provided	23 A. I didn't add Dustin. It looks like
·	
24 the draft response to you?25 A. Yes.	24 Lauren did. I don't know why she added him or25 not. You would have to ask her.
25 A. 165.	25 Hot. You would have to ask her.
Page 184	Page 185
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 Q. Does Mr. Norris play a role in	 WATERHOUSE - 10-19-21 MS. DANDENEAU: Objection to form.
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîtît FRage 1499/2431 Page 136 of 200 PageID 35597

Page 189

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîbit 254 FRage 509/2131 Page 137 of 200 PageID 35598

Page 190	Page 19
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 they have liabilities on them that exceed	2 retail board that the advisors had the full
3 assets.	3 faith and backing of Mr. – Mr. Dondero?
4 So the retail board has asked, okay,	4 MS. DEITSCH-PEREZ: Object to the
5 you know, how you know, if if these	5 form.
6 liabilities come due or they're payable, you	6 A. I don't recall discussing that with
7 know, how does that come about?	7 him at the time.
8 And, you know, the response is,	8 Q. When you told this to the board, was
9 well, the advisors have the – the full faith	9 Mr. Dondero participating in the discussion?
10 and backing from – from Jim Dondero.	10 A. Not that I recall.
11 Q. And how did you know that the	11 Q. Withdrawn. Was it not – withdrawn.
12 advisors had the full faith and backing from	12 Do you recall whether when you
13 Jim Dondero? What was the basis for that	13 covered this issue with the board, was that in
14 statement that you made to the retail board?	14 a – a Zoom call or a Webex call? Was it a
15 A. I talked to Jim about it at some	15 telephone call? Was it in-person? Like where
16 point in the past.	16 were you physically in relation to the board?
17 Q. And did you tell Mr. Dondero that	17 A. I believe I was at home.
18 you were going to inform the retail board that	18 Q. Okay. Can you identify every person
19 the advisors had his full faith and backing	19 that you recall who was present for this
20 before you actually told that to the retail	20 disclosure other than — other than the board
21 board?	21 members themselves?
22 A. I don't recall having that	22 MS. DEITSCH-PEREZ: Object to the
23 conversation.	23 form.
Q. Do you recall if you ever informed	24 A. I don't recall everyone on the call.
25 Mr. Dondero that you had disclosed or told the	25 Q. Can you identify anybody who was on
Page 192	Page 193
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 the call?	2 Q. Okay. Do you know if either of them
3 A. Other than the board members?	3 have a position with the retail board – with
4 Q. Yes.	4 the retail funds?
5 A. Lauren Thedford. I mean, there	5 A. I don't believe Mr. Norris has a
6 are – there are many – my section is just one	6 position with the retail funds.
7 of many sections that are just – you know, as	
7 of many sections that are just you know, as	7 Q. All right. What about Mr. Post?
8 you can appreciate, this is a long board	7 Q. All right. What about Mr. Post?8 A. Mr. Post is the CCO of the advisors.
8 you can appreciate, this is a long board	
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîbit 254 FRage 05/09/21/31 Page 138 of 200 PageID 35599

1 1	Page 194 WATERHOUSE - 10-19-21	1	Page 195 WATERHOUSE - 10-19-21
2	liabilities exceeded the assets that the	2	Q. Okay.
3	advisors would still be able to meet their	3	A. And I don't really – I don't really
Ι.	obligations as they become due?	١.	remember generally either.
4	•	4	• •
5	MS. DANDENEAU: Objection to form.	5	Q. Okay.
6	MS. DEITSCH-PEREZ: Object form.	6	MR. MORRIS: So – so, again, I'm
7	A. I – I can't – I don't remember	7	just going to ask Mr. Rukavina if your
8	specifically the conversation, but generally	8	clients can produce as soon as possible the
9	you know, generally, yes. And that is why –	9	15(c) response, the written response that
10	, , , , , , , , , , , , , , , , , , , ,	10	the advisors made, if any, to the board's
11	know, I am sure I qualified it with the retail	11	Question No. 2.
12	board, you know, as I said I like – you know,	12	I'm not looking for the whole
13	to my knowledge, that hasn't changed. But,	13	response, but I certainly want the response
14	again, generally – generally that is what I	14	to Question No. 2.
15	remember.	15	Q. Do you have a general understanding
16	Q. Okay. Do you recall if in the	16	as to the amount by which - withdrawn.
17	advisors' response to the retail board's	17	Did did the assets of
18	•	18	withdrawn.
19	concerning Mr. Dondero and – and the full	19	Did the liabilities of HCMFA exceed
20	faith and backing that he was giving to the	20	its assets in 2020?
21	advisors?	21	MS. DANDENEAU: Objection to form.
22	MS. DEITSCH-PEREZ: Object to the	22	MS. DEITSCH-PEREZ: Objection, form.
23	form.	23	A. I believe I have already answered
24	A. I don't – I don't remember	24	that question earlier, I think. I believe I
25		25	•
	Specifically with the weap provided.	20	odia yeo.
1	Page 196 WATERHOUSE - 10-19-21	1	Page 197 WATERHOUSE - 10-19-21
2	Q. Okay. And did the liabilities of	2	for those documents too.
3	Q. Okay. And did the habilities of		
J	NevPoint exceed its assets in 20202		
1	NexPoint exceed its assets in 2020? MS_DEITSCH_PEREZ: Objection to	3	Q. Let's go to the next exhibit, which
4	MS. DEITSCH-PEREZ: Objection to	3 4	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack,
5	MS. DEITSCH-PEREZ: Objection to form.	3 4 5	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse.
5 6	MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so.	3 4 5 6	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one
5 6 7	MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of	3 4 5 6 7	 Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10
5 6 7 8	MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that	3 4 5 6 7 8	 Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody.
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Case 5.21-CV-00001-X DUCUITIE MALIINITZES FIN	
Page 198 1 WATERHOUSE - 10-19-21	Page 199 1 WATERHOUSE - 10-19-21
2 Exhibit 10.	2 A. It is something like this, but I
3 Q. Do you have that, Mr. Waterhouse?	3 don't think it was this specific document.
4 A. I don't have it yet. I'm looking.	4 Q. Well, but this document does say in
5 Q. All right. If you look at the top	5 the last sentence that Highland agreed not to
1	, , , , , , , , , , , , , , , , , , ,
	6 seek not to demand payment from HCMFA prior
7 hopefully something of 31?	7 to May 31, 2021; right?
8 A. Yes, I've got it now.	8 A. Yes.
9 Q. Okay. You have got 31 of 31. You	9 Q. And are you aware of any other
10 can take a moment to read that, if you would	10 document that was ever created pursuant to
11 like.	11 which Highland agreed not to demand payment on
12 A. (Reviewing document.) Okay.	12 amounts owed by HCMFA before May 31, 2021?
13 Q. Have you ever seen this before?	13 A. Hold on. Are you asking, am I aware
14 A. I don't know if I have seen this	14 of a document that by HCMFA that basically says
15 specific document, but, you know, I've -	15 otherwise?
16 I'm – I'm aware of it.	16 Q. No. Let me try again.
17 Q. And is this the document that you	17 Are you aware of any other document
18 had in mind when you sent that email to	18 pursuant to which pursuant to which Highland
19 Ms. Thedford that we just looked at where you	19 agreed not to make a demand on HCMFA until May
20 said that Highland had agreed not to make a	20 31st, 2021?
21 demand upon HCMFA until May 2021?	21 A. I'm – I think there was something
22 A. Honestly, I don't – it wasn't this	22 in connection with – with the – with the
23 document. I mean, it's something like this,	23 audit that basically says the same thing.
24 yes. I mean, yes.	24 Q. Okay. And do you think that the
25 Q. Well	25 audit is referring to this particular document?
Page 200	Page 201
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 A. I don't know.	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me.
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated	 1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that?	 1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct?
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do.	 1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does.
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit	 1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019?	 WATERHOUSE - 10-19-21 A. May 31 of 2021, excuse me. Q. And this document states the deferral that you just described; correct? A. It does. Q. And this document states the deferral that was described in the audited
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes.	 WATERHOUSE - 10-19-21 A. May 31 of 2021, excuse me. Q. And this document states the deferral that you just described; correct? A. It does. Q. And this document states the deferral that was described in the audited financial statements that we looked at before;
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct?
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does.
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the	 WATERHOUSE - 10-19-21 A. May 31 of 2021, excuse me. Q. And this document states the deferral that you just described; correct? A. It does. Q. And this document states the deferral that was described in the audited financial statements that we looked at before; correct? A. It does. MR. MORRIS: Okay. Can we scroll
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there.
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021?	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there.
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021?	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember.	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland;
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that?
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would 17 you have expected the corporate accounting team	 WATERHOUSE - 10-19-21 A. May 31 of 2021, excuse me. Q. And this document states the deferral that you just described; correct? A. It does. Q. And this document states the deferral that was described in the audited financial statements that we looked at before; correct? A. It does. MR. MORRIS: Okay. Can we scroll down just a little bit to see who signed on behalf of the acknowledgment there. Q. Okay. So Mr. Dondero signed this do you see that? A. I do.
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would 17 you have expected the corporate accounting team 18 to have provided a copy of this document to	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do. 18 Q. Okay. Did you discuss this document
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would 17 you have expected the corporate accounting team 18 to have provided a copy of this document to 19 PwC? 20 MS. DANDENEAU: Objection to form.	MATERHOUSE - 10-19-21 A. May 31 of 2021, excuse me. Q. And this document states the deferral that you just described; correct? A. It does. Q. And this document states the deferral that was described in the audited financial statements that we looked at before; correct? A. It does. MR. MORRIS: Okay. Can we scroll down just a little bit to see who signed on behalf of the acknowledgment there. Q. Okay. So Mr. Dondero signed this document on behalf of both HCMFA and Highland; do you see that? A. I do. Q. Okay. Did you discuss this document or the – withdrawn. Did you discuss the concept of the
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would 17 you have expected the corporate accounting team 18 to have provided a copy of this document to 19 PwC? 20 MS. DANDENEAU: Objection to form. 21 A. Yes, I would have expected something	MATERHOUSE - 10-19-21 A. May 31 of 2021, excuse me. Q. And this document states the deferral that you just described; correct? A. It does. Q. And this document states the deferral that was described in the audited financial statements that we looked at before; correct? A. It does. MR. MORRIS: Okay. Can we scroll down just a little bit to see who signed on behalf of the acknowledgment there. Q. Okay. So Mr. Dondero signed this document on behalf of both HCMFA and Highland; do you see that? A. I do. Q. Okay. Did you discuss this document or the — withdrawn. Did you discuss the concept of the deferral with Mr. Dondero in the spring of
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would 17 you have expected the corporate accounting team 18 to have provided a copy of this document to 19 PwC? 20 MS. DANDENEAU: Objection to form. 21 A. Yes, I would have expected something 22 like this, or again, you know, some document	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do. 18 Q. Okay. Did you discuss this document 19 or the – withdrawn. 20 Did you discuss the concept of the 21 deferral with Mr. Dondero in the spring of 22 2019?
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would 17 you have expected the corporate accounting team 18 to have provided a copy of this document to 19 PwC? 20 MS. DANDENEAU: Objection to form. 21 A. Yes, I would have expected something 22 like this, or again, you know, some document 23 that basically states – states the deferral	WATERHOUSE - 10-19-21 A. May 31 of 2021, excuse me. Q. And this document states the deferral that you just described; correct? A. It does. Q. And this document states the deferral that was described in the audited financial statements that we looked at before; correct? A. It does. MR. MORRIS: Okay. Can we scroll down just a little bit to see who signed on behalf of the acknowledgment there. Q. Okay. So Mr. Dondero signed this document on behalf of both HCMFA and Highland; do you see that? A. I do. Q. Okay. Did you discuss this document or the – withdrawn. Did you discuss the concept of the deferral with Mr. Dondero in the spring of 2019? A. I think I testified I don't recall.
1 WATERHOUSE - 10-19-21 2 A. I don't know. 3 Q. All right. This document is dated 4 April 15, 2019. Do you see that? 5 A. I do. 6 Q. And do you remember that the audit 7 was completed on June 3rd, 2019? 8 A. Yes. 9 Q. And do you recall that the audited 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would 17 you have expected the corporate accounting team 18 to have provided a copy of this document to 19 PwC? 20 MS. DANDENEAU: Objection to form. 21 A. Yes, I would have expected something 22 like this, or again, you know, some document	1 WATERHOUSE - 10-19-21 2 A. May 31 of 2021, excuse me. 3 Q. And this document states the 4 deferral that you just described; correct? 5 A. It does. 6 Q. And this document states the 7 deferral that was described in the audited 8 financial statements that we looked at before; 9 correct? 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do. 18 Q. Okay. Did you discuss this document 19 or the – withdrawn. 20 Did you discuss the concept of the 21 deferral with Mr. Dondero in the spring of 22 2019?

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 2F4 FRage 15/30/12131 Page 140 of 200 PageID 35601

1 WA			ayı		
	P TERHOUSE - 10-19-21	age 202	1	WATERHOUSE - 10-19-21	Page 203
2 A. Idon			2	A. Well, this – this document dated	
1	MORRIS: Can we scroll back up			April 15, 2019 says they have been deferred to	
1	cument, please.			May 31, 2021.	
	you see in the beginning it says,		5	Q. Right. But I'm just sticking to the	
	made to certain outstanding			first paragraph where they refer to the	
1	ned from Highland to HCMFA for			outstanding amounts. And in the end it says	
	•			,	
1 .	oing operations.			the – it remained outstanding on December	
1	ou see that?			31st, 2018, and I think you told me that you	
10 A. Yes			10	understood that, and then I'm just trying to	
l .	d were you aware as the CFO of		11	capture the last piece of it.	
_	nd as the treasurer of HCMFA that as		12	Did you understand that there were	
	2019, Highland had made certain		13	amounts outstanding from the loan that Highland	
	MFA to fund HCMFA's ongoing		14	made to HCMFA to fund ongoing operations as of	
15 operations?			15	April 15th, 2019?	
16 A. Yes	i.		16	A. Yes.	
17 Q. And	d were you aware that those loans		17	Q. Thank you. Let's look at the next	
18 were payabl	le on demand and remained outstanding		18	sentence. HCMFA expects that it may be unable	
19 as of Decem	nber 31st, 2018?		19	to repay such amounts should they become due	
20 A. Yes	i.		20	for the period commencing today and continuing	
21 Q. And	d were you aware that those		21	through May 31st, 2021.	
1	ere payable on demand, and they		22	Do you see that?	
ı	utstanding as of April 15, 2019?		23	MS. DANDENEAU: Objection to form.	
	DEITSCH-PEREZ: Object to the		24	A. Ido.	
25 form.	DETTOOTT ETAEL. OBJOCKOWIO		25	Q. As the CFO – withdrawn.	
1 WA ⁻	P TERHOUSE - 10-19-21	age 204	1	WATERHOUSE - 10-19-21	Page 205
	e treasurer of HCMFA, did you			should they become due?	
	o a out of the first of the four		_		
	- do you helieve that statement			•	
l	- do you believe that statement		3	MS. DANDENEAU: Objection to form.	
4 was true and	- do you believe that statement d accurate at the time it was		3 4	MS. DANDENEAU: Objection to form. A. I mean, I — when you look at that,	
4 was true and 5 rendered?	d accurate at the time it was		3 4 5	MS. DANDENEAU: Objection to form. A. I mean, I when you look at that, to answer you, completely, you know, again,	
4 was true and 5 rendered? 6 A. I me	an, it – it – the answer to		3 4 5 6	MS. DANDENEAU: Objection to form. A. I mean, I — when you look at that, to answer you, completely, you know, again, if — the response I gave the retail board was,	
4 was true and5 rendered?6 A. I med7 that is I really	d accurate at the time it was an, it – it – the answer to didn't have any – I didn't		3 4 5 6 7	MS. DANDENEAU: Objection to form. A. I mean, I — when you look at that, to answer you, completely, you know, again, if — the response I gave the retail board was, you know, the — the advice — HCMFA advisors	
4 was true and 5 rendered? 6 A. I meally 7 that is I really 8 have an opin	d accurate at the time it was an, it – it – the answer to didn't have any – I didn't nion really.		3 4 5 6 7 8	MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of	
4 was true and 5 rendered? 6 A. I mea 7 that is I really 8 have an opin 9 Q. Did y	d accurate at the time it was an, it – it – the answer to didn't have any – I didn't nion really. you do anything to educate		3 4 5 6 7 8 9	MS. DANDENEAU: Objection to form. A. I mean, I — when you look at that, to answer you, completely, you know, again, if — the response I gave the retail board was, you know, the — the advice — HCMFA advisors have the — have the full faith and backing of Jim Dondero. So I didn't form an opinion of	
4 was true and 5 rendered? 6 A. I mea 7 that is I really 8 have an opin 9 Q. Did y 10 yourself in A	d accurate at the time it was an, it – it – the answer to didn't have any – I didn't nion really. you do anything to educate pril of 2019 on the issue of		3 4 5 6 7 8 9 10	MS. DANDENEAU: Objection to form. A. I mean, I — when you look at that, to answer you, completely, you know, again, if — the response I gave the retail board was, you know, the — the advice — HCMFA advisors have the — have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not.	
4 was true and 5 rendered? 6 A. I mea 7 that is I really 8 have an opin 9 Q. Did y 10 yourself in A 11 whether HC	d accurate at the time it was an, it – it – the answer to didn't have any – I didn't nion really. you do anything to educate pril of 2019 on the issue of MFA could repay the amounts that it		3 4 5 6 7 8 9 10	MS. DANDENEAU: Objection to form. A. I mean, I — when you look at that, to answer you, completely, you know, again, if — the response I gave the retail board was, you know, the — the advice — HCMFA advisors have the — have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether	
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 2F4 FRage 15/49/12131 Page 141 of 200 PageID 35602

1	Page 206 WATERHOUSE - 10-19-21	1	Page 207 WATERHOUSE - 10-19-21
2	A. I mean, yes, as the mouthpiece, I	2	so let's put the email back up.
3	was relaying information.	3	A. It is – it is – it is in the
4	Q. Okay. And you relayed that	4	email.
5	information with the knowledge and approval of	5	Q. Let's put the email back up. You
6	Mr. Dondero; correct?	6	didn't say unless it has changed. You said you
7	MS. DEITSCH-PEREZ: Object to the	7	believe it hasn't changed; right?
ı	•		A. Okay. And to my knowledge that
8	form.	8	•
9	A. As I stated in the email, I don't	9	hasn't changed, that is what it says.
10	believe, and I think I testified I don't	10	Q. That's right.
11	believe I had conversations with Mr. Dondero at	11	A. But, again, I mean, that is – I
12	the time of that board meeting.	12	don't know everything. And I'm not in every
13	Q. Did you tell the retail board that	13	conversation. I'm not to presume that I am,
14	the advisors had the full faith and backing of	14	is – and you have to put myself – as you
15	Mr. Dondero without Mr. Dondero's prior	15	started this out, Mr. Morris, I was at home in
16	approval?	16	October of 2020 with COVID - or, you know,
17	A. Yeah, I – I – yes, I'm – like I	17	under these COVID times that we described is
18	said, I think I testified earlier, I'm sure I	18	very difficult.
19	qualified it as well.	19	We have all been working at home for
20	Q. What do you mean by that?	20	really the first time ever, undergoing
21	MS. DANDENEAU: Objection to form.	21	processes, procedures, control environments
22	A. Again – again, like I said in the	22	that have been untested, and there is poor
23	email, it has the full faith and backing of Jim	23	communication.
24	Dondero unless that has changed.	24	So I am relaying, as I'm telling you
25	Q. Actually that is not what you said,	25	now, what is in the email. And unless
	Page 208		Page 209
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21
2	something has changed – to my knowledge, it	2	promissory notes that your clients refuse
3	hasn't changed, but it could have changed.	3	to pay.
4	Q. When you say that the advisors have	4	So I'm going to continue to ask my
5	the full faith and backing from Mr. Dondero,	5	questions, and I would ask the court
6	did you intend to convey that, to the extent	6	reporter to read back my last question.
7	the advisors were unable to satisfy their	7	(Record read.)
8	obligations as they become due, Mr. Dondero	8	MS. DEITSCH-PEREZ: And then I
9	would do it for them?	9	believe there were objections to form.
10	MS. DANDENEAU: Object to the form.	10	Q. You can answer the question.
11	MS. DEITSCH-PEREZ: Object to the	11	A. Yes.
12		140	O The and a consequence of the
	form.	12	Q. Thank you very much, sir.
13	form. And, John, we have given you a lot	12	
1			MR. MORRIS: Can we go back to the other document, please?
13	And, John, we have given you a lot	13	MR. MORRIS: Can we go back to the other document, please?
13 14 15	And, John, we have given you a lot of leeway here but this does not seem relevant to this case. You seem sort of	13 14	MR. MORRIS: Can we go back to the other document, please? Q. Mr. Waterhouse, do you know if this
13 14 15 16	And, John, we have given you a lot of leeway here but this does not seem relevant to this case. You seem sort of taking a complete sort of diversion into	13 14 15 16	MR. MORRIS: Can we go back to the other document, please? Q. Mr. Waterhouse, do you know if this document was ever shared with the retail board?
13 14 15 16 17	And, John, we have given you a lot of leeway here but this does not seem relevant to this case. You seem sort of taking a complete sort of diversion into the allegations and the complaint just	13 14 15 16 17	MR. MORRIS: Can we go back to the other document, please? Q. Mr. Waterhouse, do you know if this document was ever shared with the retail board? A. I don't recall.
13 14 15 16 17 18	And, John, we have given you a lot of leeway here but this does not seem relevant to this case. You seem sort of taking a complete sort of diversion into the allegations and the complaint just filed on Friday, and so I would ask you to	13 14 15 16 17 18	MR. MORRIS: Can we go back to the other document, please? Q. Mr. Waterhouse, do you know if this document was ever shared with the retail board? A. I don't recall. Q. Did you ever share it with the
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13 14 15 16 17 18 19 20 21 22 23	And, John, we have given you a lot of leeway here but this does not seem relevant to this case. You seem sort of taking a complete sort of diversion into the allegations and the complaint just filed on Friday, and so I would ask you to move on because – MR. MORRIS: And I will tell you – I will tell you that I have never read that complaint cover-to-cover. I have nothing to do with the prosecution of those claims.	13 14 15 16 17 18 19 20 21 22 23	MR. MORRIS: Can we go back to the other document, please? Q. Mr. Waterhouse, do you know if this document was ever shared with the retail board? A. I don't recall. Q. Did you ever share it with the retail board? A. I don't recall. Q. Did you ever tell the retail board about the substance of this document? A. I don't recall.
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 2F4 FRage 550012131 Page 142 of 200 PageID 35603

1	Page 210 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 21
2	against HCMFA until May 2021?	2	Q. Did you ever inform PwC that HCMFA's	
3	A. I don't recall.	3	liabilities exceeded its assets?	
4	Q. Do you know whether anybody on	4	MS. DANDENEAU: Object to the form.	
5	behalf of the advisors ever informed the retail	5	A. I don't — I don't think I told	
6	board that Highland had agreed on April 15,	6	them. I mean, they – they audited the	
7	2019, not to make a demand against HCMFA under	7	financial statements.	
8	the promissory notes?	8	Q. Did – do you know if anybody on	
9	A. I don't recall.	9	behalf of Highland ever informed	
10	Q. Did you instruct Ms. Thedford or	10	PricewaterhouseCoopers that HCMFA may be unable	
11	anybody else responding to the retail board's	11	to repay amounts owing to Highland, should they	
			become due?	
12	15(c) inquiry to disclose this document?	12		
13	A. Did I instruct Ms. Thedford or	13	MS. DANDENEAU: Objection to form.	
14		14	A. Yes. Again, I think I testified	
15	,	15	earlier that – that this was communicated to	
16	•	16	the auditors.	
17	Q. Uh-huh.	17	Q. Ideally –	
18	A. Yeah, I don't I don't recall.	18	A. I don't know who exactly did that.	
19	Q. Did you instruct anybody to inform	19	I don't recall doing it, but, yeah, it was –	
20	2 1	20	it was communicated. And that is why - I	
21	as part of the 15(c) process, to – to tell the	21	mean, there is a disclosure in the financial	
22	retail board about Highland's agreement not to	22	statements; right?	
23	make a demand until 2021?	23	Q. There is, and that disclosure	
24	MS. DANDENEAU: Objection to form.	24	relates to the last sentence of this document;	
25	A. I don't recall.	25	correct?	
	Page 212			Page 21
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	A. Yes.	2	A. I have answered this question	
3	Q. Do you recall looking in the	3	before.	
4		3		
	document and seeing anything that was disclosed	4	Q. And the answer was no?	
5	document and seeing anything that was disclosed with respect to the sentence above that?		Q. And the answer was no?A. I'm not aware.	
		4		
6	with respect to the sentence above that?	4 5	A. I'm not aware.	
6 7	with respect to the sentence above that? A. No.	4 5 6	A. I'm not aware. Q. Now, this acknowledgment can't	
6 7 8	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed	4 5 6	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were	
6 7 8 9	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that	4 5 6 7 8	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that	
6 7 8 9	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that it may be unable to repay amounts due and owing	4 5 6 7 8 9	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that right?	
6 7 8 9 10	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that it may be unable to repay amounts due and owing to Highland should they become due?	4 5 6 7 8 9 10	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that right? MS. DANDENEAU: Objection to form.	
6 7 8 9 10 11	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that it may be unable to repay amounts due and owing to Highland should they become due? MS. DEITSCH-PEREZ: Object to the	4 5 6 7 8 9 10 11 12	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that right? MS. DANDENEAU: Objection to form. A. Unless there is a drafting error.	
6 7 8 9 10 11 12	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that it may be unable to repay amounts due and owing to Highland should they become due? MS. DEITSCH-PEREZ: Object to the form. I think that is the third time.	4 5 6 7 8 9 10 11 12 13	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that right? MS. DANDENEAU: Objection to form. A. Unless there is a drafting error. Q. Okay. Are you aware of a drafting	
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6 7 8 9 10 11 12 13 14 15 16 17	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that it may be unable to repay amounts due and owing to Highland should they become due? MS. DEITSCH-PEREZ: Object to the form. I think that is the third time. A. I don't recall. Again, as I said, we – all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement	4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that right? MS. DANDENEAU: Objection to form. A. Unless there is a drafting error. Q. Okay. Are you aware of a drafting error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it.	
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6 7 8 9 10 11 13 14 15 16 17 18 19 20 21	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that it may be unable to repay amounts due and owing to Highland should they become due? MS. DEITSCH-PEREZ: Object to the form. I think that is the third time. A. I don't recall. Again, as I said, we – all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA prior to May 31st, 2021? MS. DEITSCH-PEREZ: Object to the form. That is the second time.	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that right? MS. DANDENEAU: Objection to form. A. Unless there is a drafting error. Q. Okay. Are you aware of a drafting error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right? A. Yes. Q. And this was a document that was	
6 7 8 9 10 11 12 13 14 15 16 17 18 20 21 22	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that it may be unable to repay amounts due and owing to Highland should they become due? MS. DEITSCH-PEREZ: Object to the form. I think that is the third time. A. I don't recall. Again, as I said, we – all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA prior to May 31st, 2021? MS. DEITSCH-PEREZ: Object to the form. That is the second time. MS. DANDENEAU: Object to the form.	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that right? MS. DANDENEAU: Objection to form. A. Unless there is a drafting error. Q. Okay. Are you aware of a drafting error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right? A. Yes. Q. And this was a document that was actually included by the advisors in a pleading	
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that it may be unable to repay amounts due and owing to Highland should they become due? MS. DEITSCH-PEREZ: Object to the form. I think that is the third time. A. I don't recall. Again, as I said, we – all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA prior to May 31st, 2021? MS. DEITSCH-PEREZ: Object to the form. That is the second time.	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that right? MS. DANDENEAU: Objection to form. A. Unless there is a drafting error. Q. Okay. Are you aware of a drafting error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right? A. Yes. Q. And this was a document that was actually included by the advisors in a pleading they filed with the Court; right?	
6 7	with respect to the sentence above that? A. No. Q. Do you know whether anybody on behalf of Highland ever informed PricewaterhouseCoopers that HCMFA expects that it may be unable to repay amounts due and owing to Highland should they become due? MS. DEITSCH-PEREZ: Object to the form. I think that is the third time. A. I don't recall. Again, as I said, we – all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA prior to May 31st, 2021? MS. DEITSCH-PEREZ: Object to the form. That is the second time. MS. DANDENEAU: Object to the form. A. I have answered this question. MR. RUKAVINA: Hold on. Object to	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I'm not aware. Q. Now, this acknowledgment can't possibly apply to the two notes that you signed on behalf of HCMFA because those notes were signed on May 2nd and May 3rd, 2019; is that right? MS. DANDENEAU: Objection to form. A. Unless there is a drafting error. Q. Okay. Are you aware of a drafting error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right? A. Yes. Q. And this was a document that was actually included by the advisors in a pleading	

1	Page 214 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 215
2	Q. Okay. Let's go to the first page of	2	of verifying that, we're just	
3	the document and just confirm that.	3	MR. MORRIS: You do, actually. You	
4	MR. AIGEN: Mr. Morris, I just note	4	could just go to Docket No. 21-3004.	
5	that you already said there was some error	5	MS. DEITSCH-PEREZ: If you want to	
6	with the document that is listed as	6	stop this deposition so we can go and pull	
7	exhibit –	7	that document up, we're happy to do it. So	
8	MR. MORRIS: No. No, no, no.	8	I am just asking you for your	
1				
9	MS. DEITSCH-PEREZ: Oh, okay.	9	representation.	
10	MR. MORRIS: What I said is that	10	MR. MORRIS: Sure. I gave that.	
11	there is a few pages that were mistakenly	11	MS. DEITSCH-PEREZ: Okay.	
12	stapled to the end of the document.	12	Q. So do you see that this is a	
13	MS. DEITSCH-PEREZ: Okay.		document that was actually filed with the Court	
14	MR. MORRIS: There is no problem	14	by Highland Capital Management Fund Advisors?	
15	with this document.	15	A. No. I get with the first page in	
16	MS. DEITSCH-PEREZ: And just so	16	the section. Maybe I'm looking at the wrong	
17	we're clear that the document – the pages	17	thing. It says, Highland Capital Management.	
18	that start with defendant's amended answer	18	Q. Don't worry about it. Don't worry	
19	are not intended to be part of this	19	about it.	
20	document?	20	A. Maybe I went back – okay.	
21	MR. MORRIS: That's correct.	21	MR. MORRIS: All right. Can we put	
22	MS. DEITSCH-PEREZ: And that the -	22	up on the screen Exhibit 2.	
23	but it is your representation that the rest	23	(Exhibit 2 marked.)	
24	of the document is – is – is correct	24	MR. MORRIS: I think it is	
25	because we don't – we don't have any way	25	Exhibit 1.	
23	because we don't we don't have any way	23	EXHIBIT 1.	
1	Page 216 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 217
2	MS. DANDENEAU: I'm sorry, John, did		this is an annual installment note?	
3	you say Exhibit 2 or Exhibit 1?	3	A. Can you scroll down.	
4	MR. MORRIS: It is Exhibit 2 in the	4	Q. Sure.	
5	binders so it is premarked Exhibit 2. And	5	MR. MORRIS: Can we scroll down –	
6	now I'm asking right there going to	6		
ı	Exhibit 1 to the document that was marked		yeah, there you go.	
7		7	A. Right there, yeah. Yes.	
8	as Exhibit 2.	8	MR. MORRIS: And can we scroll down	
9	MS. DANDENEAU: Got it. In the	9	to the signature line.	
10	binder there is no –	10	Q. And do you recognize that as	
11		1 4 4	Mr. Dondero's signature?	
ı	MS. DEITSCH-PEREZ: There is no	11	•	
12	Exhibit 1.	12	A. Yes.	
ı			A. Yes. Q. And is this the promissory note that	
12	Exhibit 1.	12	A. Yes.	
12 13	Exhibit 1. MR. MORRIS: All right. So look at	12 13	A. Yes. Q. And is this the promissory note that	
12 13 14	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen.	12 13 14	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made	
12 13 14 15	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen. Q. Do you see, Mr. Waterhouse, that	12 13 14 15	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made certain payments in the aggregate amount of	
12 13 14 15 16	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen. Q. Do you see, Mr. Waterhouse, that this is a promissory note dated May 31st, 2017,	12 13 14 15 16	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made certain payments in the aggregate amount of about 6 to \$7 million against principal and	
12 13 14 15 16 17	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen. Q. Do you see, Mr. Waterhouse, that this is a promissory note dated May 31st, 2017, in the approximate amount of \$30.7 million? A. Yes.	12 13 14 15 16 17	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made certain payments in the aggregate amount of about 6 to \$7 million against principal and interest? A. I don't recall discussing the	
12 13 14 15 16 17 18 19	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen. Q. Do you see, Mr. Waterhouse, that this is a promissory note dated May 31st, 2017, in the approximate amount of \$30.7 million? A. Yes. Q. And do you see that the maker of the	12 13 14 15 16 17 18 19	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made certain payments in the aggregate amount of about 6 to \$7 million against principal and interest? A. I don't recall discussing the aggregate principal amounts of 6 to \$7 million,	
12 13 14 15 16 17 18 19 20	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen. Q. Do you see, Mr. Waterhouse, that this is a promissory note dated May 31st, 2017, in the approximate amount of \$30.7 million? A. Yes. Q. And do you see that the maker of the note is NexPoint?	12 13 14 15 16 17 18 19 20	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made certain payments in the aggregate amount of about 6 to \$7 million against principal and interest? A. I don't recall discussing the aggregate principal amounts of 6 to \$7 million, but – so I don't – I don't recall that prior	
12 13 14 15 16 17 18 19 20 21	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen. Q. Do you see, Mr. Waterhouse, that this is a promissory note dated May 31st, 2017, in the approximate amount of \$30.7 million? A. Yes. Q. And do you see that the maker of the note is NexPoint? A. Yes.	12 13 14 15 16 17 18 19 20 21	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made certain payments in the aggregate amount of about 6 to \$7 million against principal and interest? A. I don't recall discussing the aggregate principal amounts of 6 to \$7 million, but — so I don't — I don't recall that prior discussion with those amounts.	
12 13 14 15 16 17 18 19 20 21 22	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen. Q. Do you see, Mr. Waterhouse, that this is a promissory note dated May 31st, 2017, in the approximate amount of \$30.7 million? A. Yes. Q. And do you see that the maker of the note is NexPoint? A. Yes. Q. And that Highland is the payee; is	12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made certain payments in the aggregate amount of about 6 to \$7 million against principal and interest? A. I don't recall discussing the aggregate principal amounts of 6 to \$7 million, but — so I don't — I don't recall that prior discussion with those amounts. Q. All right. Let's take a look.	
12 13 14 15 16 17 18 19 20 21 22 23	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen. Q. Do you see, Mr. Waterhouse, that this is a promissory note dated May 31st, 2017, in the approximate amount of \$30.7 million? A. Yes. Q. And do you see that the maker of the note is NexPoint? A. Yes. Q. And that Highland is the payee; is that right?	12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made certain payments in the aggregate amount of about 6 to \$7 million against principal and interest? A. I don't recall discussing the aggregate principal amounts of 6 to \$7 million, but – so I don't – I don't recall that prior discussion with those amounts. Q. All right. Let's take a look. NexPoint always included this promissory note	
12 13 14 15 16 17 18 19 20 21 22	Exhibit 1. MR. MORRIS: All right. So look at the one on the screen. Q. Do you see, Mr. Waterhouse, that this is a promissory note dated May 31st, 2017, in the approximate amount of \$30.7 million? A. Yes. Q. And do you see that the maker of the note is NexPoint? A. Yes. Q. And that Highland is the payee; is	12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. And is this the promissory note that we talked about earlier where NexPoint had made certain payments in the aggregate amount of about 6 to \$7 million against principal and interest? A. I don't recall discussing the aggregate principal amounts of 6 to \$7 million, but — so I don't — I don't recall that prior discussion with those amounts. Q. All right. Let's take a look.	

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 254 FRage 15/09/21/31 Page 144 of 200 PageID 35605

Case 3.21-CV-00001-A DUCUMERALIIDRZEA FI	
Page 218 1 WATERHOUSE - 10-19-21	Page 219 1 WATERHOUSE - 10-19-21
2 A. Yes.	2 A. I didn't participate directly, as
3 Q. And NexPoint had its financial	3 I've described before, about the – the team
4 statements audited; isn't that correct?	4 performing the audit.
	5 Q. Do you recall when the audit of
6 Q. And was the process of NexPoint's	6 NexPoint's financial statements for the period
7 audit similar to the process you described	7 ending December 31st, 2019 was completed?
8 earlier for Highland and HCMFA?	8 A. Yes.
9 A. Yes, it is similar.	9 Q. And when do you recall it being
10 Q. Okay.	10 completed?
11 MR. MORRIS: Can we put up	11 A. In January of 2021.
12 NexPoint's audited financials and let	12 Q. Do you know why the 2019 audit
13 everybody know what exhibit number it is,	13 report wasn't completed until January of 2021?
14 La Asia?	14 A. Yes.
15 MS. CANTY: It is going to be	15 Q. Why was the NexPoint audit report
16 Exhibit 46.	16 for the period ending 12/31/19 not completed
17 (Exhibit 46 marked.)	17 until January 2021?
18 Q. And do you see, sir, that we've put	18 A. Because we had to deal with working
19 up NexPoint Advisors' consolidated financial	19 from home from – with COVID, and on top of all
20 statements and supplemental information for the	20 of our daily responsibilities and job duties
	21 at at providing at Highland providing
21 period ending December 31st, 2019?	
22 A. Yes.	22 services to NexPoint, we had to do all of this
23 Q. Did you participate in the process	23 extra work for a bankruptcy that was filed in
24 whereby these audited financial statements were	24 October of 2019.
25 issued?	25 MR. MORRIS: Can we go to the
Page 220	Page 221
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right	1 WATERHOUSE - 10-19-21 2 form.
 1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 	 WATERHOUSE - 10-19-21 form. A. Approximately.
 1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 	 WATERHOUSE - 10-19-21 form. A. Approximately. Q. And does that refresh your
 1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 	 1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had
 1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 	 WATERHOUSE - 10-19-21 form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million?
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just 	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math,
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? 	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes.
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. 	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. 	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020?
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. Is that the approximately 	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020? 12 A. Sorry, you kind of broke up. Do
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. ls that the approximately \$30 million note that we just looked at that 	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020? 12 A. Sorry, you kind of broke up. Do 13 NexPoint complete?
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. Is that the approximately \$30 million note that we just looked at that was dated from 2017? 	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020? 12 A. Sorry, you kind of broke up. Do 13 NexPoint complete? 14 Q. The audit of its financial
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. Is that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. 	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020? 12 A. Sorry, you kind of broke up. Do 13 NexPoint complete? 14 Q. The audit of its financial 15 statements for the period ending December 31st,
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. ls that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. A. I believe no. 	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020?
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. Is that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. A. I believe no. Q. Okay. You're not aware of any other 	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No.
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. ls that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. A. I believe no. Q. Okay. You're not aware of any other note that was outstanding from NexPoint to 	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No, it's not complete?
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. ls that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. A. I believe no. Q. Okay. You're not aware of any other note that was outstanding from NexPoint to Highland as of the end of the year 2019, other 	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020? 12 A. Sorry, you kind of broke up. Do 13 NexPoint complete? 14 Q. The audit of its financial 15 statements for the period ending December 31st, 16 2020? 17 A. No. 18 Q. No, it's not complete? 19 A. No, it is not complete.
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. ls that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. A. I believe no. Q. Okay. You're not aware of any other note that was outstanding from NexPoint to 	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No, it's not complete?
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. ls that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. A. I believe no. Q. Okay. You're not aware of any other note that was outstanding from NexPoint to Highland as of the end of the year 2019, other 	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No, it's not complete? A. No, it's not complete.
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. Is that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. A. I believe no. Q. Okay. You're not aware of any other note that was outstanding from NexPoint to Highland as of the end of the year 2019, other than that one \$30 million note; right? 	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No. No, it's not complete. Q. Did HCMFA complete its audit for the
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. ls that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. A. I believe no. Q. Okay. You're not aware of any other note that was outstanding from NexPoint to Highland as of the end of the year 2019, other than that one \$30 million note; right? A. I don't recall. 	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, Q. No, it's not complete? A. No. Q. Did HCMFA complete its audit for the year ending December 31st, 2020?
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities section, the last item is note payable to affiliate? A. Yes. Q. And is that the note that we just looked at? MS. DANDENEAU: Objection to form. Q. Withdrawn. Is that the approximately \$30 million note that we just looked at that was dated from 2017? MS. DANDENEAU: Objection to form. A. I believe no. Q. Okay. You're not aware of any other note that was outstanding from NexPoint to Highland as of the end of the year 2019, other than that one \$30 million note; right? A. I don't recall. Q. And as of the end of 2019, the 	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. Q. No, it's not complete. Q. Did HCMFA complete its audit for the year ending December 31st, 2020? A. No.
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no. 17 Q. Okay. You're not aware of any other 18 note that was outstanding from NexPoint to 19 Highland as of the end of the year 2019, other 20 than that one \$30 million note; right? 21 A. I don't recall. 22 Q. And as of the end of 2019, the 23 principal amount that was due on the note was	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No, it's not complete. Q. Did HCMFA complete its audit for the year ending December 31st, 2020? A. No. MR. MORRIS: Can we go to page 15,

	Page 222		F	Page 223
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	ago zzo
2	included under notes payable to Highland a	2	perfectly together.	
3	reference to the amounts that were outstanding	3	Q. Okay. But you're not aware of any	
4	as of the year-end 2019 under the note that we	4	note that was outstanding at the end of 2019	
5	looked at just a moment ago?	5	from NexPoint to Highland other than whatever	
6	A. Yes. Are you talking about the	6	principal was still due and owing under the	
7	second paragraph?	7	\$30 million note issued in 2017; correct?	
8	Q. I'm actually talking about first	8	A. Well, it – I don't – there is	
9	paragraph. Do you understand that the first	9	reference in the second paragraph. I don't –	
10	paragraph is a reference to the 2017 note, and	10	I don't – I don't recall what that is	
11	the amounts that were the principal amount	11	referring to, so I don't – I don't know.	
12	that was outstanding as of the end of 2019?	12	Q. Well, if you listen carefully to my	
13	MS. DANDENEAU: Objection to form.	13	question, right, I'm asking about notes that	
14	John, do you mean the first paragraph of	14		
15	that page?	15	look at the paragraph you just referred to, it	
16	MR. MORRIS: No, the first paragraph	16	says that during the year there were new notes	
17	under notes payable to Highland.	17	issued totaling \$1.5 million, but by the end of	
18	A. Yeah, I see the paragraph, and	18	the year, no principal or interest was	
19	again, this is what I answered earlier. I	19		
20	believe so, just because I don't – again, this	20	outstanding on the notes. Do you see that?	
1	•	1	•	
21	is a number in a balance sheet, and without	21	A. Oh, I do, yes.	
22	matching it up and seeing the detail with the	22	Q. So does that refresh your	
23	schedule like I kind of talked about for	23	recollection that there were no notes	
24	Highland's financial statements, it is a little	24	outstanding from NexPoint to Highland other	
25	bit more difficult to tie everything in	25	than the principal remaining under the original	
	Page 224			
1 4		₄		Page 225
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 225
2	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a	2	WATERHOUSE - 10-19-21 the record at 3:39 p.m.	² age 225
2	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago?	3	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I	² age 225
2 3 4	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the	2 3 4	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here.	7age 225
2 3 4 5	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16?	2 3 4 5	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and	Page 225
2 3 4 5 6	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That	2 3 4 5 6	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all	² age 225
2 3 4 5 6 7	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it.	2 3 4 5 6 7	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on	² age 225
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is	2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of	zage 225
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in	2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland?	² age 225
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement.	2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form,	zage 225
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any	2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered.	zage 225
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right,	2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes.	zage 225
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year?	2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to	zage 225
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of	2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not	zage 225
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a	2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an	zage 225
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset?	zage 225
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was outstanding.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset? A. Like during my time as CFO? I don't	zage 225
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Page 226	
1 WATERHOUSE - 10-19-21	Page 227
2 question. I left Highland as of – I'm not	2 is called operating results?
3 aware of – I left Highland in February –	3 A. Yeah, that's the title of it.
4 probably the last day of February of 2021.	4 Q. Okay. And was a report of operating
5 Q. Okay.	5 results prepared by Highland on a monthly basis
6 A. I'm not – I'm not aware of any –	6 during the time that you served as CFO?
·	
7 I'm not aware of anything past that date.	
8 Q. Okay. While you were the CFO at	8 Q. Are you familiar with a document of
9 Highland, did Highland prepare in the ordinary	9 this type? And we can certainly look at the
10 course of business a document that reported	10 next page or two to refresh your recollection.
11 operating results on a monthly basis?	11 A. I'm just looking at the title. I
12 A. Yes.	12 don't really – again, as I discussed before, I
13 Q. And are you generally familiar with	don't have any records or documents or emails
14 the monthly operating reports?	14 or appointments or anything that I was able to
15 A. Yeah. You are referring to the	15 use prior to prior to this deposition, so
16 reports that we filed to the Court every month?	16 I'm doing the best I can.
17 Q. I apologize, I'm not. I'm taking	17 Q. Okay. You don't need to apologize.
18 you back to the pre-petition period. There was	18 I'm just asking you if you are familiar with
19 a report that I have seen that I'm going to	19 the document called Operating Results that was
20 show you, but I'm just asking for your	20 prepared on a monthly basis at Highland?
21 knowledge.	21 MS. DEITSCH-PEREZ: Object to the
22 MR. MORRIS: Let's put it up on the	22 form.
23 screen, Exhibit 39.	23 Q. If you're not, you're not.
24 (Exhibit 39 marked.)	24 A. I don't believe this was prepared on
25 Q. Do you see this is a document that	25 a monthly basis.
,	,
Page 228 1 WATERHOUSE - 10-19-21	Page 229 1 WATERHOUSE - 10-19-21
2 Q. Okay. Do you see that this one	2 report that Highland prepared that identified
3 is – is dated February 2018?	3 significant items impacting the balance sheet?
4 A. Yes.	4 A. A report that was prepared.
5 Q. Do you have – do you believe –	5 Q. Let me ask a better question: Did
6 have you ever seen a document that was	6 Highland prepare reports to the best of your
1 7 purporting to report operating results for	
harberand to report abordanies	7 recollection that identified significant items
8 Highland?	8 that impacted its balance sheet?
8 Highland? 9 MS. DANDENEAU: Objection to form.	8 that impacted its balance sheet?9 A. Well, so Highland prepared a – a
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	Case 3.21-CV-00001-A DUCUITIE MALIIDIRZES FM			
1	Page 230 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 231
2	Q. And did the monthly close package	2	were exceptions to the practice?	
3	that Highland prepared include information	3	A. The practice meaning that they	
4	concerning significant items that impacted	4	sometimes lured them to me?	
5	Highland's balance sheet?	5	Q. That that was the expectation even	
6	A. Yes, it had a page like that is –	6	if circumstances prevented that from happening	
7	that is on the screen that detailed items	7	from time to time.	
8	like – of that nature.	8	MS. DEITSCH-PEREZ: Object to the	
9	Q. And do you know who – was there	9	form.	
10	•	10	A. I – I would say it started out that	
11	overseeing the preparation of the monthly	11	way but over the years it – it was not	
12		12	enforced.	
13		13	Q. Okay. So you were – you reviewed	
14		14	and approved monthly – monthly reporting	
15		15	packages for a certain period of time and then	
16		16	over time you stopped doing that.	
17		17	Do I have that right?	
18	·	18	MS. DANDENEAU: Objection to form.	
19	A. It would have been Dave Klos and	19	A. Yes, I mean, if you're talking about	
20		20	a formal meeting where we sit down and go	
21	Q. And did the corporate accounting	21	through and approve it. I would say that was	
22		22	standard practice a decade – you know, early	
23	close package before it was finalized?	23	on. And as time went on that – that –	
24	A. Sometimes.	24	practice wasn't followed.	
25		25	Q. Okay.	
Ľ	•		a. Onay.	
1	Page 232 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 233
2	A. And, quite frankly, I don't even	2	don't know because, again, I wasn't reviewing	
3	know if these were – these were sent to me	3	them. I hadn't reviewed a close package for –	
4	even in any capacity.	4	for a long time. But I believe the standard	
5	Q. What was the purpose of preparing	5	practice that was still being carried out.	
6	the monthly reporting package — withdrawn.	6	Q. Did you ever have any discussions	
7	What was the purpose of preparing	•	•	
8	What was the parpose of proparing	7	with the debtor's independent board concerning	
ı	the monthly close package?	7	with the debtor's independent board concerning any promissory notes that were issued by any of	
a	the monthly close package? MS_DEITSCH-PEREZ: Object to the	8	any promissory notes that were issued by any of	
9	MS. DEITSCH-PEREZ: Object to the	8	any promissory notes that were issued by any of the affiliates or Mr. Dondero?	
10	MS. DEITSCH-PEREZ: Object to the form.	8 9 10	any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't – I can't – I can't recall	
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Case 3.21-CV-00001-A DOCUMERALIBITATION FIN	369 32 42 22 2 1 dg 2 1 0 0 1 2 0 0 1 dg 0 12 0 0 0 0 0
Page 234 1 WATERHOUSE - 10-19-21	Page 235 1 WATERHOUSE - 10-19-21
2 specifically.	2 Q. Did you ever tell Mr. Seery that you
3 Q. Do you know if the topic was ever	3 had any reason to believe that the amounts
4 discussed, even if you don't remember it	4 reflected in the notes issued by the affiliates
5 specifically?	5 and Mr. Dondero were invalid for any reason?
1 ' '	6 A. Idon't – Idon't recall.
,	
7 A. It – it may have. I don't 8 know. I don't recall.	
	8 tell Mr. Seery that you thought the promissory
9 Q. Do you recall ever discussing any	9 notes issued by the advisors and Mr. Dondero
10 promissory note issued by any of the affiliates	10 that were outstanding as of the petition date11 were assets of the estate?
11 or Mr. Dondero with James Seery?	
12 A. I don't – I don't recall	12 A. I don't recall having a specific
13 specifically.	conversation about those – you know, those
14 Q. Do you recall generally ever	14 notes outstanding as – as of the petition date
15 discussing the topic of promissory notes issued	15 being assets on the estate. I mean, we put
16 by any of the affiliates or Mr. Dondero to	16 together – you know, they're in the books and
17 Highland with Mr. Seery?	17 records of the financial statements. I don't
18 A. Nothing – nothing is really jumping	18 recall having a specific conversation.
19 out at me.	19 Q. Did you ever prepare any documents
20 Q. Do you recall if you ever told	20 that were delivered to Mr. Seery that concerned
21 Mr. Seery that any of the affiliates or	21 the promissory notes issued by any of the
22 Mr. Dondero didn't have an obligation to pay	22 affiliates or Mr. Dondero?
23 all amounts due and owing under their notes?	23 MS. DANDENEAU: Objection to form.
24 A. I don't recall having that	24 A. Did I produce any that concerned –
25 conversation.	25 you mean did I just – did I give Mr. Seery
Page 236	Page 237
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 anything that – that said I have concerns over	1 WATERHOUSE - 10-19-21 2 were filed with the bankruptcy court?
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 1 WATERHOUSE - 10-19-21 2 anything that – that said I have concerns over 3 these notes? 4 Q. No. Let me try again. Maybe it was 5 my question. 6 Did you ever give Mr. Seery any 7 information concerning any of the notes that 8 were issued by any of the affiliates or 9 Mr. Dondero? 10 MS. DANDENEAU: Objection to form. 11 A. I don't recall if I did or not. I 12 don't – I don't remember. I mean, you have my 13 emails. You may have asked. Again, I don't – 14 I don't know. 15 MR. MORRIS: Can we put up the 16 document that has been premarked as Exhibit 17 39? 18 MS. DANDENEAU: John, that is this 19 document, isn't it? 20 MR. MORRIS: Oh, yeah, it might be, 	 WATERHOUSE - 10-19-21 were filed with the bankruptcy court? A. I didn't – I didn't prepare them personally. Q. Did people prepare them under your direction? A. Yes. There were members of the team that prepared them, and they worked in – you know, there were members of DSI that were involved in the process as well. Q. To the best of your knowledge, did DSI rely on the employees of Highland for the information that they used to prepare the bankruptcy filings? A. Yes. The books and records were with the Highland personnel. Q. Okay. And do you see on the screen here, there is a document that we have marked as Exhibit 40 that is – that is titled Summary of Assets and Liabilities?
 1 WATERHOUSE - 10-19-21 2 anything that – that said I have concerns over 3 these notes? 4 Q. No. Let me try again. Maybe it was 5 my question. 6 Did you ever give Mr. Seery any 7 information concerning any of the notes that 8 were issued by any of the affiliates or 9 Mr. Dondero? 10 MS. DANDENEAU: Objection to form. 11 A. I don't recall if I did or not. I 12 don't – I don't remember. I mean, you have my 13 emails. You may have asked. Again, I don't – 14 I don't know. 15 MR. MORRIS: Can we put up the 16 document that has been premarked as Exhibit 17 39? 18 MS. DANDENEAU: John, that is this 19 document, isn't it? 20 MR. MORRIS: Oh, yeah, it might be, 21 as a matter of fact. Let's go to Number 	 WATERHOUSE - 10-19-21 were filed with the bankruptcy court? A. I didn't – I didn't prepare them personally. Q. Did people prepare them under your direction? A. Yes. There were members of the team that prepared them, and they worked in – you know, there were members of DSI that were involved in the process as well. Q. To the best of your knowledge, did DSI rely on the employees of Highland for the information that they used to prepare the bankruptcy filings? A. Yes. The books and records were with the Highland personnel. Q. Okay. And do you see on the screen here, there is a document that we have marked as Exhibit 40 that is – that is titled Summary of Assets and Liabilities? A. Uh-huh.
1 WATERHOUSE - 10-19-21 2 anything that — that said I have concerns over 3 these notes? 4 Q. No. Let me try again. Maybe it was 5 my question. 6 Did you ever give Mr. Seery any 7 information concerning any of the notes that 8 were issued by any of the affiliates or 9 Mr. Dondero? 10 MS. DANDENEAU: Objection to form. 11 A. I don't recall if I did or not. I 12 don't — I don't remember. I mean, you have my 13 emails. You may have asked. Again, I don't — 14 I don't know. 15 MR. MORRIS: Can we put up the 16 document that has been premarked as Exhibit 17 39? 18 MS. DANDENEAU: John, that is this 19 document, isn't it? 20 MR. MORRIS: Oh, yeah, it might be, 21 as a matter of fact. Let's go to Number 22 40.	 WATERHOUSE - 10-19-21 were filed with the bankruptcy court? A. I didn't – I didn't prepare them personally. Q. Did people prepare them under your direction? A. Yes. There were members of the team that prepared them, and they worked in – you know, there were members of DSI that were involved in the process as well. Q. To the best of your knowledge, did DSI rely on the employees of Highland for the information that they used to prepare the bankruptcy filings? A. Yes. The books and records were with the Highland personnel. Q. Okay. And do you see on the screen here, there is a document that we have marked as Exhibit 40 that is – that is titled Summary of Assets and Liabilities? A. Uh-huh. Q. Okay. And do you recall reviewing
1 WATERHOUSE - 10-19-21 2 anything that — that said I have concerns over 3 these notes? 4 Q. No. Let me try again. Maybe it was 5 my question. 6 Did you ever give Mr. Seery any 7 information concerning any of the notes that 8 were issued by any of the affiliates or 9 Mr. Dondero? 10 MS. DANDENEAU: Objection to form. 11 A. I don't recall if I did or not. I 12 don't — I don't remember. I mean, you have my 13 emails. You may have asked. Again, I don't — 14 I don't know. 15 MR. MORRIS: Can we put up the 16 document that has been premarked as Exhibit 17 39? 18 MS. DANDENEAU: John, that is this 19 document, isn't it? 20 MR. MORRIS: Oh, yeah, it might be, 21 as a matter of fact. Let's go to Number 22 40. 23 (Exhibit 40 marked.)	 WATERHOUSE - 10-19-21 were filed with the bankruptcy court? A. I didn't – I didn't prepare them personally. Q. Did people prepare them under your direction? A. Yes. There were members of the team that prepared them, and they worked in – you know, there were members of DSI that were involved in the process as well. Q. To the best of your knowledge, did DSI rely on the employees of Highland for the information that they used to prepare the bankruptcy filings? A. Yes. The books and records were with the Highland personnel. Q. Okay. And do you see on the screen here, there is a document that we have marked as Exhibit 40 that is – that is titled Summary of Assets and Liabilities? A. Uh-huh. Q. Okay. And do you recall reviewing any summary of assets and liabilities before it

	Case 3.21-CV-00001-A DUCUME EXIMITELY F	cuy	e De Weit Sirage 149 01 200 Pagel D 3	3010
1	Page 238 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 239
	high level.	2	Mr. Dondero, among others; is that right?	
3	Q. And did you believe that it was	3	MS. DANDENEAU: Objection to form.	
4	accurate at the time it was filed?	4	A. Yes. The affiliate notes and the	
5	A. I didn't have any other reason to	5	Dondero notes were in this amount, but they	
6	believe otherwise.	6	weren't – again, like you said, and among	
7	Q. Okay. Do you see that the total	7	others.	
	value of all properties listed in Part 1 is	8	Q. Okay. We will look at the	
8		١.	· · · · · · · · · · · · · · · · · · ·	
9	approximately \$410 million?	9	specificity because I'm not playing gaming	
10	MS. DEITSCH-PEREZ: Objection to	10	here, but do you know if the \$150 million of	
11	form.	11	notes receivable was included within the	
12	A. Yes, it is in 1c.	12	\$410 million of total value of the debtor's	
13	Q. Yes.	13	assets?	
14	A. Yes, I see that.	14	MS. DANDENEAU: Objection to form.	
15	Q. Okay. If we go to the second page,	15	A. I-I-I believe so.	
16	now I think I may just have excerpts here, just	16	Q. Right. And so is it fair to say	
17	so everybody is clear, but if we scroll down to	17	that as of the date this document was prepared,	
18	the second page, you will see that there is	18	the notes receivable were more than one-third	
19	a – a little further. There you go. You will	19	of the value of the debtor's assets?	
20	see there is a reference to Item 71, notes	20	MS. DEITSCH-PEREZ: Object to the	
21	receivable.	21	form.	
22	Do you see that?	22	MS. DANDENEAU: Object to the form.	
23	A. I do.	23	A. Again, if you are just taking the	
24	Q. And that was a reference to the	24	math, 150 divided by whatever the \$400 million	
25	notes receivable from the affiliates and	25	number is above, then yes, you get there.	
	Page 240			Page 241
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	Q. Okay.	2	Highland?	
3	A. You know, but as of the time of this	3	A. Yes, we did do impairment analysis	
4	filing, that is what was put in this filing,	4	on – on assets.	
5	right, but, you know, I mean, numbers –	5	Q. Okay. Did you ever do an impairment	
6	numbers change, facts and circumstances change.	6	analysis on any of the promissory notes that	
7	Q. But as the CFO of Highland, the	7	were given to Highland by any of the affiliates	
8	debtor in bankruptcy, did you believe that this	8	or Mr. Dondero?	
9	number accurately reflected the total amount	9	A. Not that I recall.	
10	due under the notes receivable?	10	Q. Under what circumstances do you	
11	A. That is what we had in our books and	11	prepare impairment analyses?	
12	records.	12	A. As – as – if you're preparing	
13	Q. Okay. And did you believe as the	13	financials in accordance with GAAP, generally	
14	CFO that the books and records accurately	14	accepted accounting principles, if you're	
15	reported the then value of the debtor's assets?	15	preparing full GAAP financials, you should be	
16	MS. DANDENEAU: Objection to form.	16	preparing – you should be undergoing on a	
17	A. We didn't – as part of this filing,	17	periodic basis any fair market value	
18	there was no fair value measurement or	18	adjustments to assets.	
19	anything. These were just accounting entries	19	As I was instructed at the time of	
20	for the promissory notes. There is no analysis	20	the petition date, we weren't producing GAAP	
21	for impairment or fair market value adjustments	21	financials. So this wasn't something I was	
- 1	·	22	worried about nor concerned about.	
22	or anything of that hatilite. This is nuitely		women about not concerned about.	
	or anything of that nature. This is purely		O Okay Were NevPoint and HOMEA and	
22 23 24	taking numbers and putting them in our form.	23	Q. Okay. Were NexPoint and HCMFA and Highland's audited financial statements	
23 24			Q. Okay. Were NexPoint and HCMFA and Highland's audited financial statements prepared in accordance with GAAP?	

WATERHOUSE - 10-19-21 2 A The audited financials – yes, a audited financial setaments are prepared in 4 accordance with GAAP 5 Q. Do you recall whether any of 6 Highland or HCMFA or NexPoint ever made a fair 7 market value adjustment to any of the notes 8 sixued by any of the affiliates on Mit Dondero 9 to Highland or the defiliates on Mit Dondero 10 A I do not recall that happening, but 11 the – this because under – under GAAP, 12 the – the treatment of liabilities is 13 different than assets. 14 Q. Okay. So then life just focus on 15 Highland's audited financial statements. 16 The last audited financial 17 at a term of understanding. 20 Q. And you had – you had an obligation 21 to disclose anything to Pricowalerhouse Coopers 22 concerning any subsequent events between the 23 and ADNEDEAU. Objection to form. 24 was on the prior page. Next page. Yes, it 25 WATERHOUSE - 10-19-21 2 Q. Okay. So now let's look at that 26 bankruptcy court right? 27 A Yes. 30 Q. Okay. And is it fair to say that as 14 of the promissory notes that the earned on 27 to decision to reserve the Hunter 28 bearing the promise of the professory and the Hunter Mountain Investment 29 to decision or serve the Hunter 30 to valued at the understanding. 31 Lives not. 32 Q. Okay. So now let's look at that 33 the lives obscience to show were the Hunter 34 of the promissory notes that Highland held at 35 the lives this cooper are not of all 36 of the promissory notes the thing the care of the professory	Case 3:21-cv-00881-X Docume EXIMPREZEM FH	age 150 of 200 Page ID 35011
2 A The audited financials – yes; 3 audited financials statements are prepared in 4 accordance with GAAP. 5 Q Do you recall whether any of 6 Highland or HOMFA or NexPoint ever made a fair 7 market value adjustment to any of the notices 8 issued by any of the affiliates or Mr. Dondero 9 to Highland or Home adjustment to any of the notices 8 issued by any of the affiliates or Mr. Dondero 9 to Highland or Home adjustment to any of the notices 10 A I do not recall that happening, but 11 the — It is because under — under GAAP, 12 the — the treatment of liabilities is 13 different than assets. 14 Q Okay, So then let's just focus on 15 Highland's audited financial statements. 16 The least audited financial statements. 16 The least audited financial statements. 17 distances anything to Pricevatehouse Coopers 20 Q And you had — you had an obligation 21 to disclose anything to Pricevatehouse Coopers 20 Q And you had — you had an obligation 21 to disclose anything to Pricevatehouse Coopers 22 Concerning any subsequent events between the end of 2018 and Junes 2nd, 2015, correct? 23 MS DANDENEAU: Objection to form. 24 WATERHOUSE - 10-19-21 25 MS DANDENEAU: Objection to form. 26 My ATERHOUSE - 10-19-21 27 Q Okay, So now let's look at that so should. So this was the face amount of all of the promisory onces that Highland held at 6 beninquity court, right? 2 A I do. 3 Cokay, And is if fair to say that as 1 of the general price of 2018 and year-end. 3 Okay, And is if fair to say that as 1 of the general price of 2018 and where the end and the end of 2018 and year-end. 4 A I vas not 5 the time this document was filed with the 6 beninquity court, right? 4 A I vas not 5 to the time this document was filed with the 6 beninquity court, right? 5 A I do. 5 Okay, And is if fair to say that as 1 of the year-end of 2018 and the price page were form any other notice on this ist during the very large were form any other notice on this ist during the very large were form any other notice on this ist during the very large were form the decid		
a audited financial statements are prepared in 4 accordance with GAAP. 5 Q. Do you recall whether any of 6 Highland or HCMFA or NexPoint ever made a fair 7 market value adjustment to any of the notes 8 issued by any of the affiliates or Mr. Dondero 9 to Highland? 10 A I do not recall that happening, but 11 the —It's because under — under GAAP, 11 the—It's because under — under GAAP, 12 the—The treatment of liabilities 13 different than assets. 13 different than assets. 14 Q. Okay. So the let's just focus on 15 Highland's audited financial statements. 16 The last audited financial statements. 16 The last audited financial financial 17 alt you were for the pende anding December 18 31st, 2018, correct? 19 A. That is my undestanding. 20 Q. And you had — you had an obligation 21 to discose anything to Pricevaterhouse-Coopers 22 concerning any subsequent events between the 23 end of 2018 and June 2xid. 2019; correct? 24 MS. DANDENEAU: Objection to form. 25 MS. DEITSCH-PEREZ Form. Page 244 1 WATERHOUSE - 10-19-21 2 Q. Okay. So now let's lock at that 3 schedule. Sort his was the face amount of al 4 of the promissory notes that Highland subsequently reserved 17 Q. Doy ou see that fits eis into 28 expected that question 29 Q. And do you see that this ties into 21 the discose anything to Pricevaterhouse-Coopers 29 A. That is my undestanding. 20 Q. And you had — you had an obligation 21 to discose anything to Pricevaterhouse-Coopers 22 concerning any subsequent events between the 23 end of 2018 and June 2xid. 2019; correct? 24 A first only considered the promissory notes that Highland subsequently reserved 21 the page that we were just borking? 22 A. I first our note of al 4 A. I visa not. 4 Yes, I do. 4 A. I visa not. 5 Trust note? 4 A. I visa not. 5 Q. Okay. So now let's lock at that 5 the time this document was filed with the 6 bankupty court, right? 7 A. Yes. 8 Q. There is a foothole there that says, 9 doubtill or uncollectible accounts are 9 loeking from the decision to reserve the Hunter for the decision was made.		
a accordance with GAAP 0. Do you recall whether any of 6 Highland or HCMFA or NexPoint ever made a fair 7 market value adjustment to any of the notes 8 issued by any of the affiliates or Mr. Dondero 9 to Highland or yof the affiliates or Mr. Dondero 9 to Highland or yof the affiliates or Mr. Dondero 9 to Highland or yof the affiliates or Mr. Dondero 9 to Highland or yof the affiliates or Mr. Dondero 9 to Highland or yof the affiliates or Mr. Dondero 9 to Highland or yof the affiliates or Mr. Dondero 9 to Highland or Wr. Dondero 9 to Highland or Wr. Dondero 10 A I do not recall that happening, but 11 the —It is because under — under GAAP, 11 the —It is because under — under GAAP, 12 the —It is because under — under GAAP, 13 the —It is because under — under GAAP, 14 the —It is because under — under GAAP, 15 the —It is because under — under GAAP, 16 different than assets. 17 Q. Okay. So then let's just focus on 18 Highland's audited financial statements. 19 That is my understanding. 10 That is my understanding. 10 A That is my understanding. 11 That is my understanding. 12 Q. And you had — you had an obligation 13 distrements were for the period ending December 14 A That is my understanding. 15 A That is my understanding. 16 page. 17 Q. Doyou see that it is is into 18 do dostose anything to ProceevalentouseCoopers 20 end of 2018 and June 3rd, 2019, correct? 21 MSD. DANDENEAU: Objection to form. 22 A MSD. DANDENEAU: Objection to form. 23 because. So this was the face amount of all 24 of the promissory notes that Highland held at 25 the time this document was filled with the 26 barkuptoy court, right? 27 A Yes. 28 Q. There is a foothole there that says, 29 doubtful or uncollectible accounts are 29 to be doubtful or uncollectible accounts are 30 (Q. Okay. And is if air to say that as 31 Q. Okay. And outing the bankuptoy, do 32 you recall that Highland held at 40 fill be promissory notes that this. 40 A Lord throw yet decision was made. 41 Doug use that? 41 A Lord throw yet decision was made. 42 Livas and the particu	•	
5	i i	
B Highland or HCMFA or NexPoint ever made a fair 7 market value adjustment to any of the notes 8 issued by any of the affiliates or Mr. Dondero 9 to Highland? 9 to Highland? 9 A. I think I answered that question 10 A. I do not recall that happening, but 10 A. I do not recall that happening, but 11 the – it is because under – under GAAP, 11 the – the treatment of liabilities is 12 included the audit for the – for the 2018 13 gerical. 14 Q. Okay, So then lefs just focus on 14 Q. Okay, So then lefs just focus on 14 Q. Okay, So then lefs just focus on 14 Q. Okay. So then lefs just focus on 14 Q. Okay. So then lefs just focus on 15 Highland's adulted financial statements. 16 The last audited financial statements. 16 The last audited financial pocember 17 Q. Do you see this is a note a list of 18 31st, 2018, corner? 18 A. That is my understanding, 19 A. That is my understanding that the member and understa		
Tarket value adjustment to any of the notices Sissued by any of the affiliates or Mr. Dondero?	i i	
size study any of the affiliates or Mr. Dondero 10 to Highland? 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 11 the — it is because under — under GAAP, 12 period. 13 period. 14 Q. Okay, Son we go to the next 14 Q. Okay. 15 MR MORRIS: Can we go to the next 16 page. 16 Q. Do you see this is a note a list of 18 statements were for the period ending December 17 Q. Do you see this is a note a list of 18 state in you had — you had an obligation 19 A. That is my understanding. 19 A. That is my understanding. 19 A. That is my understanding. 19 A. Yes, I do. 20 Q. And by ou had — you had an obligation 21 to disclose anything to PricewaterhouseCoopers 22 concerning any subsequent events between the 22 do not only in a subsequent events between the 23 price page? I mean, it was at 150,331 222. It 24 was on the prior page. Next page. Yes, it 25 was on the prior page. Next page. Yes, it 26 grees. 11 WATERHOUSE - 10-19-21 11 WATERHOUSE - 10-19-21 12 A. Yes. 13 Mountain investment Trust note? 14 Q. Doys under why Highland decided to 15 decides. So this was the face amount of all 26 of the promissory notes that Highland held at 27 In the promissory notes that Highland held at 28 A. Then is a footnote there that says. 29 doubtful or uncollectible accounts are 20 collection of the parent any of these notes were 21 Did you ever ask anyone why they 22 Did you ever ask anyone why they 23 reserved for that particular note? 29 Did you ever ask anyone why they 21 and other tead of the parent any off in value. 29 Une recall that H	1	6 of the promissory notes that were carried on
So Intight and So International So Internatio	7 market value adjustment to any of the notes	7 its balance sheet and that were issued by any
10 A. I do not recall that happening, but 11 the – It is because under – under GAAP, 12 the – It is because under – under GAAP, 13 different than assets. 13 different than assets. 14 Q. Okay. So then let's just focus on 15 Highland's audited financial statements. 16 The last audited financial 16 page. 17 Q. Do you see this is a note a list of 18 3tst, 2018; correct? 19 A. That is my understanding. 19 A. That is my understanding. 20 Q. And you had – you had an obligation 21 to disclose anything to Pricewaterhouse/Coopers 22 concerning any subsequent events between the 22 A. I'm sorry, can we go back to the 23 and of 2018 and disclose anything to Pricewaterhouse/Coopers 24 MS. DANDENEAU: Objection to form. 21 WATERHOUSE - 10-19-21 21 22 Q. O. Okay. So now let's look at that 3 schedule. So this was the Gae amount of all 4 of the promissory notes that Highland held at 5 the time this document was filed with the 6 bahruptoy court, right? 17 A. Yes. 18 Q. There is a foothole there that says, 4 doubled for the page that Province of the Hunter Mountain Investment Toust note? 19 A. Yes. 10 Q. Okay. And our own let's look at that 3 schedule. So this was the Gae amount of all 4 of the promissory notes that Highland held at 5 the time this document was filed with the 6 bahruptoy court, right? 19 A. Yes. 10 Q. Okay. I'm just asking if you know why Highland decided to 6 reserved for the Just asking if you know why they 16 doubtid or uncollectible accounts are 16 outstanding at that time, they weren't deemed 16 reserved for that particular note? 16 A. A. Q. Okay. And during the bankruptoy, do 21 Like I said, a lot of that was done by DSI and 22 you recall that Highland subsequently reserved 22 fixed a four four four or out. Every and the first was done by DSI and 24 reversal for the Hunter Mountain Investment 10 fixed and province of the Hunter Mountain Investment 10 fixed and province of the Hunter Mountain Investment 10 fixed and province of the fixed province on this list during 11 the Justine of any process of – again, li	8 issued by any of the affiliates or Mr. Dondero	8 of the affiliates or Mr. Dondero?
11 the — this because under — under GAAP, 12 the — the treatment of liabilities is 13 different than assets. 14 Q. Okay. So then lets just focus on 14 Q. Okay. So then lets just focus on 15 Highland's audited financial statements. 16 The last audited financial statements. 17 statements were for the period ending December 18 altst 2018; correct? 19 A. That is my understanding. 20 Q. And you had – you had an obligation 21 to disclose anything to PriewalerhouseCoopers 22 concerning any subsequent events between the 23 end of 2018 and June 3rd, 2019; correct? 24 MS. DANDENEAU. Objection to form. 25 MS. DEITSCH-PEREZ: Form. 26 WATERHOUSE – 10-19-21 27 Q. Okay. So now let's look at that 28 schedule. So this was the face amount of all 29 of the premissory notes that Highland held at 29 the time this document was filled with the 29 the bankruptcy court, right? 20 Q. There is a foothole there that says, 30 doubtful or uncollectible accounts are 31 doubtful or uncollectible accounts are 32 out each that time, they weren't deemed 33 Q. Okay. And is it fair to say that as 34 of the year-end 2018, the year before this, 35 the time this document was filled with the 36 D. Okay. And is it fair to say that as 36 out the pries and by the pries and by the year-end 2018, the year before this, 36 D. Okay. And is it fair to say that as 37 Dig you see that? 38 A. A do. 39 Dig you see that? 40 Did you see that this this pries were 41 Did you ever ask anyone why they 42 A. Ido. 43 Did you ever ask anyone why they 44 A. Idon't recall. 45 Did you ever ask anyone why they 46 The year-end 2018, the year before this, 46 A. Idon't recall. 47 Titust note? 48 A. Again, Idon't recall. It wasn't 49 weren't any — there weren't any adjustments to 40 Cay, Vary. And during the benkruptoy, do 40 Yes. 40 Cay. Vary. Do you know if any note 41 Did you ever ask anyone why they 42 and any priemen that time, they weren't deemed 43 A. A gain, I don't recall. It wasn't 44 A. A gain, I don't recall. It wasn't 45 Do you are all that Highland subsequently reser	9 to Highland?	9 A. I think I answered that question
12 the —the treatment of liabilities is 3 different than assets. 13 geriod. 4 Q. Okay, So then let's just focus on 14 Q. Okay, 15 Highland's audited financial statements. 16 The last audited financial statements. 17 A. Do you see this is a note a list of 18 31st, 2018; correct? 18 10st accorded the reprint of a list of 19 A. That is my understanding. 19 A. That is my understanding. 10 Q. And you had —you had an obligation 21 to disclose anything to PricewatterhouseCoopers 22 concerning any subsequent events between the 23 end of 2018 and June 3rd, 2019; correct? 24 MS. DANDENEAU: Objection to form. 25 MS. DANDENEAU: Objection to form. 26 MS. DANDENEAU: Objection to form. 27 A. WATERHOUSE – 10–19-21 28 Okay, So now let's book at that 29 covers the Hunter own let's look at that 29 schedule. So this was the face amount of all 20 define this document was filled with the 21 the time this document was filled with the 25 the time this document was filled with the 26 bankruptcy court right? 29 A. Yes. 30 G. There is a foolnote there that says, 30 doubtiful or uncollectible accounts are 31 geriod. 31 doubtiful or uncollectible accounts are 32 prior page? 33 inchedule. 34 A. Idon't know yet decision was made. 34 Outbiful or uncollectible accounts are 35 of believe it was made by someone at DSI. 36 Q. Okay, And is if fair to say that as 37 reserved for that particular note? 38 A. Idon't know whether the debtor 39 to believe it was made by someone at DSI. 40 A. Idon't know yet decision was made. 41 A. Idon't know yet decision was made. 42 Did you ever ask anyone why they 43 a fewerit arry — there weren't arry of these notes were 44 A. Idon't recall. 45 Indon't recall. 46 Indon't recall. 47 A. Idon't recall. 48 A. Idon't recall. 49 Did you ever ask anyone why they 40 Did you ever ask anyone why they 41 Do you shad that thighland subsequently reserved 41 Do you areal that Highland subsequently reserved 42 Q. Okay. And during the bankruptcy, do 43 Clear Yes.	10 A. I do not recall that happening, but	10 earlier. I don't recall doing that for any of
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	Page 246		Dr	300 247
1	Page 246 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 247
2	A. I don't – I don't have a	2	A. I don't recall. I mean, it may have	
3	recollection of every filing, so I don't know.	3	happened, you know, again, when we initially	
4	Q. Did you ever have a discussion with	4	getting DSI up to speed and going through	
5	anybody at any time about whether any of the	5	financials, it may have happened, but I don't	
	notes receivable on this list should be deemed	6	recall specifically.	
I	to be doubtful or uncollectible?	7	Q. While you were the CFO of Highland	
8	A. No. As I previously stated, we were	8	during the time that the company was in	
l l	told we didn't have to keep GAAP financials.	9	bankruptcy, did you have any reason to believe	
10	We weren't having – you know, there is no	10	that any of the notes receivable on this list	
11	underlying audits being performed, so I mean,	11	other than Hunter Mountain Investment Trust	
12	it wasn't something I worried about.	12	should have been characterized as doubtful or	
13	MR. MORRIS: I move to strike.	13	uncollectible?	
14	Q. Did you ever have a conversation	14	MS. DANDENEAU: Objection to form.	
15	with anybody about any of the notes receivable	15	MS. DEITSCH-PEREZ: Form.	
16	and whether they should be deemed to be	16	A. Ididn't know. I didn't form an	
17	doubtful or uncollectible? Did you have the	17	opinion. Bankruptcy was new to me. It still	
18	conversation, yes or no?	18		
l	•		is new to me, even after going through this.	
19	MS. DANDENEAU: Objection to form. A. I don't recall.	19 20	So I really didn't know what to expect nor really – you know, I didn't know.	
20				
21	Q. Do you recall ever telling anybody	21	MR. MORRIS: I move to strike.	
22	that you believed any of the notes receivable	22	Q. During the period of Highland's	
23	on this list should be doubtful – should be	23	bankruptcy when you were serving as CFO, did	
24	deemed to be doubtful or uncollectible?	24	you have any reason to believe any of the notes	
25	MS. DANDENEAU: Objection to form.	25	on this list were doubtful or uncollectible?	
	Page 248		D:	
L		۱,		age 249
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 249
2	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the	2	WATERHOUSE - 10-19-21 receivable on this list were doubtful or	яде 249
2 3	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the	2	WATERHOUSE - 10-19-21 receivable on this list were doubtful or uncollectible?	age 249
2 3 4	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form.	2 3 4	WATERHOUSE - 10-19-21 receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the	age 249
2 3 4 5	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike,	2 3 4 5	WATERHOUSE - 10-19-21 receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form.	age 249
2 3 4 5 6	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not	2 3 4 5 6	WATERHOUSE - 10-19-21 receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially.	ige 249
2 3 4 5 6 7	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question.	2 3 4 5 6 7	WATERHOUSE - 10-19-21 receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that?	age 249
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering	2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times,	age 249
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like	2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we — at the beginning after filing and we	ige 249
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer.	2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you	ige 249
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 2F4 FRage 0500/2131 Page 152 of 200 PageID 35613

Page 250		
1 WATERHOUSE - 10-19-21	WATERHOUSE - 10	Page 251 0-19-21
2 once, twice, three, four times with – you	to tell what you to do. Do you	
3 know, I mean, we – I don't – I don't remember	MS. DANDENEAU: (
4 the sum culmination of all these discussions.	Q. Other than other th	
5 They all kind of blend together.	them that they should look at	•
6 MR. MORRIS: Okay. I move to strike	you have any recollection wh	
7 and I will try one more time.	having told anybody at DSI th	
8 Q. Did you ever tell anybody at DSI		
, · · · · · · · · · · · · · · · · · · ·	notes receivable on this page uncollectible?	e were doubtidi oi
9 that you believed any of the notes receivable10 on this list were doubtful or uncollectible?		=7: Object to the
	O MS. DEITSCH-PERE 1 form.	EZ. Object to the
11 MS. DANDENEAU: Object to form.		Ohioation
12 A. Potentially.	MS. DANDENEAU:	
13 Q. Potentially you told them or	A. I recall having genera	
14 potentially they were doubtful or	about everything on our bala	
15 uncollectible?	would have included these –	- tnese notes
16 A. Potentially I told them that we	6 receivable.	
17 needed to look at the value of these – of	7 Q. Okay.	
18 these assets.	A. I don't recall specifica	
19 Q. Okay. Did you – okay. It is	9 those discussions delved into	
20 potential that you told them and it is	Q. Do you recall any dis	
21 potentially that you didn't; right?	1 on the topic of whether any o	of these notes on
MS. DANDENEAU: Objection to form.	2 this list were doubtful or unco	ollectible?
23 A. I've gone through that. I don't	3 MR. AIGEN: Mr. Mo	rris, how on earth
24 recall specifically.	4 is that question different fr	rom the
25 Q. So you should just – I don't want	5 question that you just ask	ed for the last
Page 252		Page 253
1 WATERHOUSE - 10-19-21	WATERHOUSE - 10	0-19-21
2 five times? I mean, really I thought you		40.
2 live unes: Trican, really rulought you	suggests that he has not t	estified
3 were – (overspeak.)	suggests that he has not ttruthfully.	estified
3 were – (overspeak.)	s truthfully.	ask my question
3 were – (overspeak.)4 MR. MORRIS: Because he never	s truthfully. MR. MORRIS: I will a	ask my question you want to
 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 	truthfully. MR. MORRIS: I will a again. And if at any time y	ask my question you want to
 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 	truthfully. MR. MORRIS: I will a again. And if at any time y direct him not to answer, the	ask my question you want to hat is your
 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 	truthfully. MR. MORRIS: I will a again. And if at any time y direct him not to answer, the prerogative.	ask my question you want to hat is your you have any
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1	Page 254 WATERHOUSE - 10-19-21	1	Page 25 WATERHOUSE - 10-19-21
2	Q. Do you believe that an affiliate	2	goes.
3	loan on this list was doubtful or	3	Q. Did you point out that any of
4	uncollectible? Would you have told that to	4	these –
5	DSI?	5	A. I don't recall specifically.
6	MS. DANDENEAU: Objection to form.	6	Q. Okay. At any time that you served
7	MS. DEITSCH-PEREZ: Object to form.	7	as Highland's CFO, did you ever point out to
8	A. If we had, like again, if we	8	DSI that any of these loans were doubtful or
9	if – if we weren't preparing financial	9	uncollectible?
9 10	statements in accordance with GAAP, and – you	10	MS. DEITSCH-PEREZ: Object to the
11	know, if DSI at that point – they were –	11	form.
12		12	MS. DANDENEAU: Objection.
13	The CRO is – we are delegating	13	A. If you're asking me if I had a
		Ι.	
14 15	, ,	14	conversation with DSI, if any of these loans
15 16	Remember – remember when you and I went into	15	were doubtful or uncollectible, I don't recall
16 17	Delaware Court and we were saying DSI basically	16	specifically.
17 10	, ,	17	Q. Do you recall that the debtor filed
18	You were my counsel at the time, and	18	on the docket monthly operating reports?
19	basically we're running everything through DSI.	19	A. Yes.
20	That was what this was like in the early part.	20	Q. You prepared those personally,
21	Everything was communicated through	21	didn't you?
22	DSI. So DSI says this. DSI says that. That	22	MS. DEITSCH-PEREZ: Objection to
23	is what we're doing, and we're pointing out	23	form.
24	•	24	A. I didn't personally prepare them,
25	Now, they decide what direction this	25	the team did with DSI.
1	Page 256	1	Page 25
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21
2	Q. But you signed them; correct?	2	show. I followed their advice.
3	A. My signature is on the MORs.	3	Q. But you assured yourself that
4	Q. And you signed them as the preparer	4	everything in the report was accurate before
5	of the document; correct?	5	you signed them; correct?
6			
7	A. Yes, I did this pursuant to DSI's	6	MS. DANDENEAU: Objection to form.
	instructions.	7	A. I trusted the guidance from the CRO
8	instructions. Q. Okay. You wouldn't have signed the	7 8	A. I trusted the guidance from the CRO and their team and their experience and their
8	instructions. Q. Okay. You wouldn't have signed the document if you didn't believe it to be	7 8 9	A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many
8 9 10	instructions. Q. Okay. You wouldn't have signed the document if you didn't believe it to be accurate; correct?	7 8 9 10	A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things
8 9 10 11	instructions. Q. Okay. You wouldn't have signed the document if you didn't believe it to be accurate; correct? A. If I had reason to believe it	7 8 9 10 11	A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form.
8 9 10 11 12	instructions. Q. Okay. You wouldn't have signed the document if you didn't believe it to be accurate; correct? A. If I had reason to believe it wasn't, presumably I wouldn't have signed it.	7 8 9 10 11 12	A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not
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8 9 10 11 12 13 14 15 16	instructions. Q. Okay. You wouldn't have signed the document if you didn't believe it to be accurate; correct? A. If I had reason to believe it wasn't, presumably I wouldn't have signed it. Q. Okay. And do you have any reason to believe right now that any monthly operating report that has your signature on it was inaccurate in any way?	7 8 9 10 11 12 13 14 15 16	A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to.
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 2F4 FRage 05/09/2431 Page 154 of 200 PageID 35615

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1	Page 258 WATERHOUSE - 10-19-21	1	Page 25 WATERHOUSE - 10-19-21	59
2	under your direction; correct?	2	Highland; correct?	
3	A. Yes.	3	A. Yes.	
4	Q. So – so your team was responsible	4	Q. And you're the preparer – you're	
5	for maintaining Highland's books and records;	5	identified as the preparer of the report;	
6	correct?	6	correct?	
7	A. I'm sorry, my team was responsible?	7	A. That is correct.	
8	Q. Correct.	8	Q. Do you recall participating in the	
9	A. Yes. They – they – they were	9	preparation of monthly operating reports?	
10	the – the – the general ledger of Highland,	10	A. As I testified earlier, it was put	
11	that responsibility was with the corporate	11	together, you know, with the team. The team	
12	accounting team.	12	worked with DSI to put these monthly operating	
13	Q. The corporate accounting group	13	reports together. We had no experience at this	
14	reported to you; correct?	14	time of the monthly operating reports or things	
15	A. Yes.	15	of this nature.	
16	MR. MORRIS: Can we put up 41,	16	MR. MORRIS: Can you turn to the	
17	please.	17	next page, please.	
17 18	(Exhibit 41 marked.)	18	Q. Do you see a line item under assets	
ı	,	19	due from affiliates?	
19 20	Q. All right. You will see that this is a report that is dated January 31st, 2020,	20	A. Yes, I do.	
l	· · · · · · · · · · · · · · · · · · ·		•	
21 22	but it is for the month ending December 2019.	21	Q. Okay. And to the best of your	
ı	Do you see that?	22	knowledge and understanding, as the person who	
23	A. Ido.	23	is identified as the preparer of this report,	
24	Q. And you signed this report in your	24	does that line item include the affiliate loans	
25	capacity as the chief financial officer of	25	that we've been talking about?	
	Page 260		Page 26	31
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	A. Again, I would have to see, just	2	A. Yes, that is what this indicates.	
3	like we did with the financial statements of	3	Q. Okay. And were you aware that the	
4	Highland and NexPoint, I would have to see a	4	reserve was being taken on that it was?	
5	detailed build, but, you know, if you look at	5	A. I was – I was aware, yeah, at some	
6	the other line items, you know, the only other	6	point, yes.	
7	place it could be would be in in other	7	Q. Okay. And are you aware of any	
8	assets.		reserve being taken with respect to any other	
9	Q. Okay. And as a matter of	9	note that was issued in favor of Highland?	
10	arithmetic, is it fair to say that is the value	10	A. Again, as I testified, we didn't go	
11	of the assets due from affiliates was more than	11	through an analysis on – on – on the other	
12	25 percent of the value of Highland's total	12	notes.	
13	assets as of 12/31/2019?	13	Q. Can we turn –	
14	MS. DANDENEAU: Objection to form.	14	A. I believe – I believe it says that	
15	A. I'm really not doing the mental math	15	in Footnote 1, fair value has not been	
16	right now, so I've been going at this depo for	16	determined with respect to any of the notes.	
17	hours, so I'm really not – you know –	17	So this footnote - footnotes, look,	
18	Q. All right. No problem.	18	there has been no determination.	
19	A these are millions of dollars.	19	Q. Okay. The determination was made in	
20	Q. Let's look at the Footnote 1,	20	the audited financial statements just six	
21	please. Do you see there is a reference to the	21	months earlier; right? We saw that earlier?	
22	Hunter Mountain note?	22	A. That was as of 12/31/18. I mean,	
23	A. Yes, I see that in Footnote 1.	23	things circumstances there's a bank	
24	Q. Okay. And that's the reserve that	24	circumstances change, things change – things	
25	was taken against that note?	25	change over time, you know, facts and	
l	•			

11	Page 262 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 263
2	circumstances change. Again, you have to do an	2	Q. Okay. And there was nothing that	
3		3	caused PricewaterhouseCoopers to include in	
Ι.	analysis.	١.	•	
4	Q. Okay. And you do recall that in	4	subsequent events any adjustment to the	
5	Highland's 2018 financial statement, all of the	5	conclusion that the fair value of the affiliate	
6	notes issued by affiliates and Mr. Dondero that	6	notes and the notes issued by Mr. Dondero	
'	were due at year-end had a fair value equal to	7	equaled the carrying value; correct?	
8	the carrying value; correct? We looked at	8	MS. DANDENEAU: Objection to the	
9	that?	9	form.	
10	A. Yes. That was in the – in the	10	A. That is correct. That is what was	
11	disclosure for the – for the affiliate notes,	11	in the – in the – in the footnotes.	
12		12	Q. Okay. So are you aware of anything	
13	Q. And – and you were obligated to	13	that occurred between June 3rd, 2019 and	
14	share with PwC any subsequent events between	14	December 31st, 2019 that would have caused the	
15	the end of 2018 and the date that you signed	15	fair value of the notes to differ from the	
16	your management representation letter on June	16	carrying value?	
17	3rd, 2019; correct?	17	A. Yeah. Highland filed for	
18	MS. DEITSCH-PEREZ: Object to the	18	bankruptcy, things changed - I mean, there was	
19	form.	19	a bankruptcy filed in October of of of	
20	A. Yes. I – I – I signed the	20	2019, right, the petition date that we've	
21	management, you know, my signature is in the	21	described earlier.	
22	management representation letter – I hope I'm	22	I mean, I had a - I guess looking	
23	answering your question – that is dated in	23	back naively, I thought we were going to get an	
24	June with the representations made in that	24	audit from PwC for year-ended 2019, and when we	
25		25	had discussions with PwC, they were like, are	
1	Page 264 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 265
1 :				
12			carrying value during the seven-month period	
2	you crazy, we're not auditing this. Values	2	carrying value during the seven-month period	
3	you crazy, we're not auditing this. Values change, all these things change, bankruptcy	2	between June 3rd and the end of the year, 2019?	
3 4	you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and	2 3 4	between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form.	
3 4 5	you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching	2 3 4 5	between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back	
3 4 5 6	you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean — and they're like, we're not — we're not touching this.	2 3 4 5 6	between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we	
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1	Page 266 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 267
2	take a short break until 4:40 your time.	2	had I just think it's appropriate to	
3	MS. DANDENEAU: Okay.	3	to dump documents on somebody 10 minutes	
4	VIDEOGRAPHER: We're going off the	4	before the deposition. I just think	
5	record, 4:31 p.m.	5	that's -	
6	(Recess taken 4:31 p.m. to 4:43 p.m.)	6	MR. RUKAVINA: Well, these are	
7	VIDEOGRAPHER: We are back on the	7	documents Highland produced. I'm not aware	
8	record at 4:43 p.m.	8	of any rule I have to give you advance	
9	MR. MORRIS: I have no further	9	documents when I know for the record that	
10	questions.	10	other than the exhibits that you sent to us	
11	MR. RUKAVINA: Okay.	11	last week, most of the exhibits you used	
12	Mr. Waterhouse, I will go next.	12	today you did not provide to me prior to	
13	EXAMINATION	13	this deposition.	
14	BY MR. RUKAVINA:	14	MR. MORRIS: No, but the documents	
15	Q. Sir, my name is Davor Rukavina. I'm	15	were produced by me in – in litigation,	
16	the lawyer for –	16	right?	
17	MR. MORRIS: Hey, Davor, just before	17	MR. RUKAVINA: I'm going to use	
18	you begin, I just want to put on the record	18	primarily, John, the documents that you	
19	Highland's objection to documents that were	19	produced to me today, but you may.	
20	produced to me 10 minutes before the	20	MR. MORRIS: Primarily. I've got –	
21	deposition began.	21	I've got my objection. You have got your	
22	MR. RUKAVINA: What the basis of	22	response. Proceed.	
23	your objection?	23	Q. Mr. Waterhouse, again, I represent	
24	MR. MORRIS: That they were due	24	- '	
25	quite some time ago, and the fact that you	25	Do you understand that?	
20	quite 30116 time ago, and the fact that you	23	Do you understand that:	
1	Page 268 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 269
2	A. Yes.	2	Q. Were you ever the CFO of HCMFA?	
3	Q. You and I have never met or talked	3	A. I don't recall.	
4	before today, have we?	4	Q. So to the best of your recollection,	
5	A. No, I have — I have heard your	5	you were still an officer of HCMFA in 2019,	
6	voice on calls before.	6	just that your title was treasurer?	
7	Q. Okay.	7	MR. MORRIS: Object to the form of	
8	MR. RUKAVINA: Madam Court Reporter,	8	the question. There is no leading here.	
9	I will use a few exhibits today. My	9	He works for your client.	
10		1 3	The Works for your cheft.	
	accociate Mr. Nauven will find come way		MS DANDENEALL: That is not that	
	associate, Mr. Nguyen, will find some way	10	MS. DANDENEAU: That is not – that	
11	to get them to you. I don't know how to do	10 11	is not true.	
11 12	to get them to you. I don't know how to do that, but it looks like you guys do.	10 11 12	is not true. MR. MORRIS: He's the treasurer –	
11 12 13	to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well.	10 11 12 13	is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I	
11 12 13 14	to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris	10 11 12 13 14	is not true. MR. MORRIS: He's the treasurer — he is the treasurer of your client. I don't — I'm going to object every time you	
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîbit 2 FRage 1/09/2431 Page 157 of 200 PageID 35618

15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. The process would have been similar 20 to what we just discussed on – for Highland to 21 make a loan to others. So, again, you know, 22 we – we would have – either myself or someone 23 on the team would have discussed this with 25 happened? 26 A. There was a – in the Highland 27 Global Allocation Fund, it owned at the time an 28 equity interest in a company called TerreStar. 29 And TerreStar is – at the time was a private 20 company, and it may still be today. Again, I'm 29 putting myself back then as a private company. 20 We had – sorry, I don't mean we – 23 the fund and the advisor used Houlihan Lokey	Case 5.21-CV-00001-X DOCUME EIXIIDI (2194 F	
2 A. Yes, Institled that I was the streamer and I didn't know if that incumbency 4 certificate, you know, was one that appointed 4 you believe that you unlaterally, last Frank 5 me as a treasurer. but yes. 5 Waterhouse, had the authority to loan on behalf of the debtor or surpore \$5 million and 7 sting here boday, to the best of your 7 student in the you were -your 8 MR, MORRIS: Objection to the form 9 still was reseauer. It was not chief 9 or of the question. 1 flant time you were -your 8 MR, MORRIS: Objection to the form 9 still was reseauer. It was not chief 9 or of the question. 1 or A. No. 1 A.		
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4 centificate, you know, was one that appointed 5 me as a treasurer, but yes. 5 me as a treasurer, but yes. 5 me as a treasurer, but yes. 6 Q. I'm just trying to confirm that 7 stifing here today, to the best of your 8 recollection, a that time you were your 9 title was treasurer. It was not chief 10 firancial officer. 11 A. I don't recall that being my title. 12 Q. Okay. And in May of 2019, however, 13 Thinky you stelled you were the chief 14 Industrial officer of the debtor; cornect? 15 MR. MORRIS: Objection to the form 16 of the question. 16 \$2.4 million of the authority of the debtor; cornect? 17 A. Yes, I was – yes. 18 Q. Okay. As such, in May of 2019, did 19 you have the authority, to your undestanding, 10 to unlaterally loan \$5 million or \$2.4 million 10 to unlaterally loan \$5 million or \$2.4 million 11 to anyone on behalf of the debtor? 12 to haryone on behalf of the debtor? 13 MR. MORRIS: Objection to the form 15 of the question. 16 \$2.4 million or \$2.4 million 16 and the authority to your undestanding, 17 A. Yes, I was – yes. 18 MR. MORRIS: Objection to the form 19 WATERHOUSE - 10-19-21 29 MR. MORRIS: Objection to the form 21 white the authority, to your undestanding, 29 of the question. 20 A. Sorry, can you repeat that? 20 C. Yes, So in your capacity as the 21 wayone not behalf of the debtor? 22 was provided to the form of the question. 23 president of Highland. 24 A. Sorry, can you repeat that? 25 A. It was James Dondero. 26 A. That was James Dondero. 27 A. That was James — Jim Dondero. 28 A. That was James — Jim Dondero. 39 MR. MORRIS: Objection to the form 40 fire question. 40 A. Was plane approval from the — the 40 C. And who that was individual? 41 A. No. 42 O. What would the approval process have 43 A. Yes, I was – yes. 44 That was James — Jim Dondero. 45 A. That was James — Jim Dondero. 46 A. That was James — Jim Dondero. 47 A. Sorry of the question. 48 A. Sorry of the question. 49 MR. MORRIS: Objection to the form 40 A. Sorry of the question. 40 A. Sorry of the question. 41 A. No. 42 O. A. So	· · · · · · · · · · · · · · · · · · ·	
5 me as treasurer, but yes. 6 Q. I'm just tying to confirm that 7 string here boday, to the best of your 8 recollection, at that time you were—your 9 title was treasurer. It was not chief 10 financial officer. 11 A. I don't recall that being my title. 12 Q. Okay. And in May of 2019, however, 13 I think you testified you were the chef 14 C. Okay. And in May of 2019, however, 15 I MR. MORRIS. Objection to the form 16 of the question. 17 A. Yes. 18 Q. Okay. As such, in May of 2019, did 19 you have the authority, to your understanding, 19 you have the authority, to your understanding, 10 unlaterally loan SS million or \$2.4 million 11 to anyone on behalf of the debtor's 12 office question. 14 M. MORRIS. Objection to the form 15 of the question. 16 Sa. Million to surround that the time of the question. 17 A. Yes. Would have been 18 Q. Okay. As such, in May of 2019, did 19 you have the authority, to your understanding, 19 to anyone on behalf of the debtor's 20 MR. MORRIS. Objection to the form 21 of the question. 21 WATERHOUSE - 10-19-21 22 Q. Okay. Now, I'm going to ask you a 23 of the question. 24 A. Sorry, can you repeat that? 25 Q. Okay. Now, I'm going to ask you a 26 similar question but for a different entity, 27 in My of 2019, as the treasurer of 28 both was the sum of the question. 29 MR. MORRIS. Objection to the form 29	·	, ,
6 C Im just bying to confirm that 7 stiting here today, to the best of your 8 recollection, at that time you were —your 9 title was treasurer. It was not chief 10 A I don't recall that being my title. 11 A I don't recall that being my title. 12 Q. O Kay, And in May of 2019, however, 13 A Yes. 14 financial officer of the debtor, correct? 15 MR, MORRIS: Objection to the form 16 of the question. 16 A Yes, I was —yes. 17 MR, MORRIS: Objection to the form 18 You have the authority, to your understanding, 19 you have the authority, to your understanding, 20 to any one on behalf of the debtor? 21 to anyone on behalf of the debtor? 22 MR, MORRIS: Objection to the form 23 of the question. 24 A Sony, can you repeat that? 25 Q. Yes, So in your capacity as the 26 Q. Vay, No, I'm going to ask you a 3 similar question but for a different entity. 4 MR, MORRIS: Objection to the form 25 hOMP, and the ability to cause HCMFA to become the 26 home of the question. 27 A That was James Dondero. Page 273 28 MR, MORRIS: Objection to the form 29 MR, MORRI		
7 stiting here loday, to the best of your 8 ptile was treasurer. It was not chief 9 title was treasurer. It was not chief 10 financial officer. 10 A. No. 11 Q. Is it because loans of that amount. 12 Q. Okay. And in May of 2019, however, 13 I think you testified you were the chief 14 financial officer of the debtor, correct? 15 MR. MORRIS: Objection to the form 15 Highland wanted to loan 5 million or 0 fine question. 16 of the question. 17 A. Yes, 14 Q. Who in '20 – in May of 2019, if 15 Highland wanted to loan 5 million or 0 fine question. 18 Sq.4 million 1 so someone, what would have been 19 of the question of the debtor of the obtain of \$2.4 million 1 so someone, what would have been 19 of the question of the question of the debtor? 19 of the question of		
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10 financial officer. 11 A 1 don't recall that being my title. 12 would have bad to be approved by someone else? 13 Ithink you testified you were the chief financial officer of the debtor, correct? 14 Q. Who in '20 – in May of 2019, if financial officer of the debtor, correct? 15 MR MORRIS: Objection to the form of the question. 16 of the question. 17 A Yes, I was – yes. 18 Q. Okay. As such, in May of 2019, did you have the authority, to your understanding, to unilaterally loan \$5 million or \$24 million to someone, what would have been to anytone on behalf of the debtor? 19 you have the authority, to your understanding, to unilaterally loan \$5 million or \$24 million to the form of the question. 20 A. If – if we had loans of that nature to anytone on behalf of the debtor? 21 that needed to be made due to their size, we would have gotten approval from the – the gresident of Highland. 23 of the question. 24 A. Sorry, can you repeat that? 25 Q. Yes. So in your capacity as the 20 Q. And who that was individual? 26 Q. Okay. Now, firm going to ask you a similar question but for a different entity. 27 A It was James – Jim Dondero. 28 WATERHOUSE – 10-19-21 29 Q. Okay. Now, firm going to ask you a similar question but for a different entity. 31 Q. So do I understand that in May of 14 A No. 32 Q. So do I understand that in May of 14 Dondero would have 6 had the ability to cause HChRFA to become the 6 had the ability to cause HChRFA to become the 7 borrower of a \$5 million loan and a 8 \$24 million loan? 32 MR MORRIS: Objection to the form of the question. 33 Q. So do I understand that in May of 14 Page 273 MR MORRIS: Objection to the form of the question. 44 What would the approval process have 14 you surmarize what that NAV error was? What 15 been like in May of 2019 at HCMFA for HCMFA to 16 Company, and it may still be today. Again, I'm 21 make a loan to others. So, again, you know, 21 yutting myself back them as a private company, and it may still be today. Again, I'm 21 make a bloan to others. So, again, you know, 22 y		•
11 A I don't recall that being my title. 12 Q. Okay, And in May of 2019, however, 13 A Yes. 14 If hink you testified you were the chief financial officer of the debtor, correct? 15 MR. MORRIS: Objection to the form of the question. 16 S24 million to someone, what would have been 17 A Yes, I was – yes. 17 A Yes, I was – yes. 18 Q. Okay, As such, in May of 2019, did 18 MR. MORRIS: Objection to the form of the question. 19 On the question of the debtor? 20 to unilaterally loan \$5 million or \$2.4 million 19 or someone with the internal approval procedure? 21 to anyone on behalf of the debtor? 22 m/R. MORRIS: Objection to the form of the question. 23 of the question. 24 A Sony, can your repeat that? 25 Q. Yes. So in your capacity as the order of the question of		
12 Q. Okay. And in May of 2019, however, 13 Ithink you testified you were the chief 14 A. Yes. 15 MR MORRIS: Objection to the form 16 of the question. 17 A. Yes, I was – yes. 18 Q. Okay. As such, in May of 2019, did 19 you have the authority, to your understanding, 19 you have the authority, to your understanding, 20 Lourilaterally loan S5 million or 324 million 21 to unilaterally loan S5 million or 324 million 22 to unilaterally loan S5 million or 324 million 23 to unilaterally loan S5 million or 324 million 24 A. Sony, can your repeat that? 25 Q. Yes. So in your capacity as the 26 Q. Yes. So in your capacity as the 27 Q. Okay. Now, I'm going to ask you a 28 similar question but for a different entity. 29 In May of 2019, as the treasurer of 39 MR MORRIS: Objection to the form 29 of the question. 29 A Treat was almost of the debtor? 20 A It was James Dondero. 21 WATERHOUSE - 10-19-21 21 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 3 D. So do I understand that in May of 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 HcMFR, did you believe that you unilaterally 7 borrower of a S5 million loan and a 8 \$24 million loan? 9 MR MORRIS: Objection to the form 2 Of the question. 2 MATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFR, did you believe that you unilaterally 6 HCMFRS: Objection to the form 7 MR MORRIS: Objection to the form 8 S24 million loan? 9 MR MORRIS: Objection to the form 9 A Yes. 10 Q. What would what would the 11 greeped to paprove 37 A million in loans? 11 A. No. 12 Q. What would what would the 13 approval have taken place – strike that. 14 A The process would have been similar 15 been like in May of 2019 at HCMFA for HCMFA to 16 the causestion. 18 equity interest in a company called TereStar. 19 A The process would have been similar 20 to what we just discussed on – for Highland to 21 make a loan to others. So, again, you		
13 I think you testified you were the chief 14 financial officer of the debtor; correc? 15 MR MORRIS: Objection to the form 16 of the question. 16 2.4 million to someone, what would have been 17 A. Yes, I was – yes. 18 Q. Okay, As such, in May of 2019, did 19 you have the authority, to your understanding, 20 to unlaterally loan \$\$ million or \$\$2.4 million 21 to anyone on behalf of the debtor? 22 MR. MORRIS: Objection to the form 23 of the question. 23 of the question. 24 A. Sony, can you repeat that? 25 Q. Yes, So in your capacity as the 26 Q. Okay, Now, I'm going to ask you a 3 similar question but for a different entity. 26 HCMFA did you believe that you unilaterally 27 band the ability to cause HCMFA to become the 28 borrower of a \$\$ million loan and a 38 \$24 million to someone, what would the 39 provision to the form 30 of the question. 31 WATERHOUSE - 10-19-21 32 Q. Okay, Now, I'm going to ask you a 33 similar question but for a different entity. 34 Q. And who that was individual? 45 HCMFA, did you believe that you unilaterally 46 had the ability to cause HCMFA to become the 47 borrower of a \$\$ million loan and a 48 \$24 million to someone, what would the 48 approved have gotten approval from the – the 49 day and the ability to cause HCMFA to become the 40 of the question. 41 Waterhouse - John Page 272 42 A. That was James - Jim Dondero. 43 G. So do I understand that in May of 44 2019, on behalf of both the lender, Highland, 45 had to approve \$\$74 million in bans? 45 had to approve \$\$74 million in bans? 46 had to approve \$\$74 million in bans? 47 MR. MORRIS: Objection to the form 48 the ability to cause HCMFA to become the 49 borrower of a \$\$5 million loan and a 40 What would the approved process have 40 been like in May of 2019 at HCMFA for HCMFA to 40 the question. 41 Waterhouse - John Page 273 42 MR. MORRIS: Objection to the form 43 of the question. 44 What would the approved process have 45 been like in May of 2019 at HCMFA for HCMFA to 46 take out a \$\$74 million loan? 47 MR. MORRIS: Objection to the for	l	
14 financial officer of the debtor; correct? 15 MR. MORRIS: Objection to the form 16 \$2.4 million to someone, what would have been 17 A. Yes, I was – yes. 18 Q. Okay. As such, in May of 2019, did 19 you have the authority, to your understanding, 20 to unilaterally loan \$5 million or \$2.4 million 21 to anytone on behalf of the debtor? 22 MR. MORRIS: Objection to the form 23 of the question. 24 A. Sony, can you repeat that? 25 Q. Yes. So in your capacity as the 26 Q. Yes. So in your capacity as the 27 WATERHOUSE - 10-19-21 28 Q. Okay. Now, I'm going to ask you a 29 similar question but for a different entity. 39 In May of 2019, as the treasurer of 40 In May of 2019, as the treasurer of 50 borrower of a \$5 million loan and a 50 s2.4 million loan? 51 WATERHOUSE - 10-19-21 52 Q. Okay. Now, I'm going to ask you a 53 similar question but for a different entity. 54 In May of 2019, as the treasurer of 55 borrower of a \$5 million loan and a 50 s2.4 million loan? 52 MR. MORRIS: Objection to the form 53 of the question. 54 Okay. Now, I'm going to ask you a 55 on or understand that in May of 56 and the borrower, HCMFA, Mr. Dondero would have 67 borrower of a \$5 million loan and a 68 \$2.4 million loan? 69 MR. MORRIS: Objection to the form 60 of the question. 60 VATERHOUSE - 10-19-21 71 MR. MORRIS: Objection to the form 72 MR. MORRIS: Objection to the form 81 of the question. 82 A view. 83 A view. 84 Okay. Now, I'm going to ask you a 85 A view. 85 A million loan? 86 A view. 86 A There was a in the Highland 87 A view. 89 A view. 80 A view. 80 A view. 80 A view. 81 A No. 82 A million loan? 83 A View. 84 A No. 85 A million loan? 85 A view. 85 A million loan? 86 A View. 86 A View. 87 A view. 88 A View. 89 A View. 89 A View. 80 A View. 80 A View. 80 A View. 81 A No. 81 A View. 81 A No. 82 A There was a in the Highland 83 A View. 84 A The process would have been similar 85 A The process would have been similar 86 A The process would have been similar 87 A The process wo	· · · · · · · · · · · · · · · · · · ·	
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1	Page 274 WATERHOUSE - 10-19-21	1	Page 2 WATERHOUSE - 10-19-21	275
1 2	executed at market levels that were much lower	2	And given that there was this fund	
3	than the Houlihan Lokey model.	3	was, as we discussed – I don't know if we	
4	And based on information and	4	discussed it, but it was an open-ended fund	
5	discussions with the portfolio managers and,	5	that was going — that was converting to a	
6	you know, principals that were very familiar	6	close-end fund.	
7	with TerreStar, it was determined that those	7	Due to the fact that it was an	
8	trades were non-orderly and they were not	8	open-ended fund, you had to recalculate NAV and	
ľ	considered in the valuation as consulted with		•	
10		9	see what the impact was on people – on investors coming in and out of the fund and if	
10	Houlihan Lokey and PricewaterhouseCoopers at	10	· · · · · · · · · · · · · · · · · · ·	
11	the time.	11	there is a detrimental impact and to calculate	
12	Subsequent to a – I can't remember	12	•	
13	the exact circumstances of why the SEC got	13	was any amounts owed to the fund pursuant to	
14	involved. I think it was due to this – this	14	the error.	
15	investment became a material position in the	15	Q. Were you personally involved	
16	fund. It triggered an SEC, kind of, inquiry.	16	internally at either Highland or HCMFA with	
17	1 3, 3 1	17	these investigations and discussions with the	
18	the valuation methodology. "They" meaning the	18	SEC?	
19	SEC.	19	A. I was.	
20	And at the culmination of that	20	Q. Which other key people or senior	
21	process – this is all summarized – the value	21	people at Highland were involved, to your	
22	that was – that ultimately had to be used in	22	recollection?	
23	the fund's NAV was different than – materially	23	A. Myself, Thomas Surgent, David Klos,	
24	different than what the original valuation at	24	Lauren Thedford, Jason Post.	
25	Houlihan Lokey provided.	25	Q. Mr. Dondero, was he —	
1				
	Page 276		Page 2	277
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	277
1 2	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying	2	WATERHOUSE - 10-19-21 A. I don't recall specifically.	277
	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that		WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused	277
l	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the	2	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the	277
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2 3 4	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the	2 3 4	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes.	277
2 3 4 5	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a	2 3 4 5	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount	277
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2 3 4 5 6 7	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a	2 3 4 5 6 7	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount	277
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2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to	2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million.	277
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have	2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million,	277
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open—ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they	2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer?	277
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they subscribed in and maybe because they didn't get	2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking	277
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they subscribed in and maybe because they didn't get enough shares and then they later sold and then	2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 –	277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion. And there is — there is — there	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark.	277
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open—ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion. And there is — there is — there were very — there were very detailed calculations and, you know, all these different scenarios that we had to — I'm sorry, I keep	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark. Q. So regardless of whether HCMFA accepted fault or liability, it caused some \$7 million or more to be paid out to affected	277
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2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion. And there is — there is — there were very — there were very detailed calculations and, you know, all these different scenarios that we had to — I'm sorry, I keep saying "we" — that the individuals involved had to calculate and quantify.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark. Q. So regardless of whether HCMFA accepted fault or liability, it caused some \$7 million or more to be paid out to affected investors in the fund? MR. MORRIS: Objection to the form	277
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1	Page 278		Page 279
	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21
ı	lot of different entities that are going on to	2	it depends on who you talk to, but yes,
3	my head.	3	generally, there were – there are multiple
4	I think what you are saying is based	4	agreements.
	on this error, shareholders were harmed by this	5	Q. Pursuant to one or more of those
	approximately \$7.8 million – by approximately	6	agreements, was the debtor providing certain
7	\$7.8 million. Is that what you are asking?	7	services to HCMFA?
8	Q. Yes, sir.	8	MR. MORRIS: Objection to the form
9	A. Yes, that was – again, I don't have	9	of the question.
10	the exact numbers. If I take it was it	10	A. Yes.
11	was in that ballpark, and there is a detail	11	Q. And can you at a very high level
12	,	12	
13	that exists someplace.	13	
14	Q. Now, at that time, at the time that	14	A. Yes, there was a – yes.
15	the NAV error occurred, was there a contract in	15	Q. Okay. Please – please go – go
16	place between HCMFA and the debtor pursuant to	16	through a short summary.
17	1 0	17	A. There was a a cost reimbursement
18	HCMFA?	18	agreement between Highland Capital Management
19	MR. MORRIS: Objection to the form	19	Fund Advisors and Highland Capital Management,
20	of the question.	20	L.P. That agreement was for what we referred
21	A. Yes.	21	to as front office services, so investment
22	Q. Was that contract generally called a	22	management, things of that nature.
23	shared services agreement?	23	There was I think what most people
24	A. It was generally called that, but	24	refer to as the shared services agreement that
25	there were – there were – I mean, it – it –	25	was - that agreement was between Highland
	Page 280	1	Page 28'
1	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland	1	WATERHOUSE - 10-19-21
ı	Cabilativianagement fund Advisors and mightang	2	And then you mentioned that the find
		2	Q. And then you mentioned that the fund
3	Capital Management for back office services.	3	was being closed and some compensation related
4	Capital Management for back office services. Q. And can you summarize what you mean	3 4	was being closed and some compensation related to that. Can you – can you elaborate? What
4 5	Capital Management for back office services. Q. And can you summarize what you mean by back office services?	3 4 5	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to?
4 5 6	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting,	3 4 5 6	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to
4 5 6 7	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know,	3 4 5 6 7	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the
4 5 6 7 8	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those	3 4 5 6 7 8	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation
4 5 6 7 8 9	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me.	3 4 5 6 7 8 9	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a
4 5 6 7 8 9	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you	3 4 5 6 7 8 9	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund.
4 5 6 7 8 9 10	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it	3 4 5 6 7 8 9 10	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when
4 5 6 7 8 9 10 11 12	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error	3 4 5 6 7 8 9 10 11 12	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem
4 5 6 7 8 9 10 11 12 13	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services	3 4 5 6 7 8 9 10 11 12 13	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV.
4 5 6 7 8 9 10 11 12 13 14	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing?	3 4 5 6 7 8 9 10 11 12 13 14	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a
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4 5 6 7 8 9 10 11 12 13 14 15 16	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question.	3 4 5 6 7 8 9 10 11 12 13 14 15 16	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock
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4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question. A. I do not recall. Q. Did you ever have any discussions	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock Exchange, exchanges like that, and – and shareholders or investors, they're not –
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Page 282	Page 283
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 sell your shares and you are no longer an	2 for – for these amounts attributable to – it
3 equity owner.	3 was either the error – you know, the error,
4 As part of that proposal, the	4 and in that conversation he said, go get the
5 advisor told shareholders if you – if you vote	5 money from Highland. I believe that is what I
6 for this proposal to – to convert it from an	6 testified earlier, and that that is my
7 open-ended fund to a closed-end fund, we will	7 recollection.
8 pay you some amounts of money. I forgot – a	8 Q. Do you recall if that was an
9 certain number of points. I think it was	9 in-person meeting or some other mode for the
10 like it was like two to three points or	10 meeting?
11 something – something like that.	11 A. I – I – I recall that being
12 Q. Okay. You mentioned when Mr. Morris	12 in-person.
13 was asking you, going back to those two	13 Q. Do you recall if anyone else was
14 promissory notes, you will recall the 5 million	14 present, or was it just you and Mr. Dondero?
15 and 2.4 million, you mentioned something to the	15 A. I recall just he and I.
16 effect that Mr. Dondero told – told you to pay	16 Q. And the moneys that he told you to
17 some moneys out of Highland. Do you remember	17 find from - or get from Highland, was that in
18 that discussion with Mr. Morris?	18 the amount of \$5 million and \$2.4 million?
19 A. I do.	19 MR. MORRIS: Objection to the form
20 Q. So, to the best of your	20 of the question.
21 recollection, did you have a discussion with	21 A. I believe so, but I would have to go
22 Mr. Dondero about making some payments in May	22 back and look and see when those moneys were
23 of 2019 out of Highland?	23 actually paid into the – into the fund and,
24 A. I recall, as I testified earlier,	24 you know, when those transfers were done. If
25 that I had a conversation with Mr. Dondero	25 they were all done around that same time, then
Page 284	Page 285
Page 284 1 WATERHOUSE - 10-19-21	Page 285 1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
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	Page 286	-		Page 287
1 WATE	RHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	3
2 Q. And tha	at's part of the reason why	2	Q. And that is fine. That that	
3 you just can't re	member some of the details	3	that is why I asked the question.	
4 today because	this – this happened years ago,	4	Is it possible in May of 2019 when	
5 and there were	a number of transactions. Is	5	Mr. Dondero told you to transfer the funds from	
6 that accurate?		6	Highland, you just assumed on your own that	
7 MS. DA	NDENEAU: Objection to the	7	those would be loans without him actually	
8 form.		8	telling you that those would be loans?	
9 MR. MC	RRIS: Objection to the form	9	MR. MORRIS: Objection to the form	
10 of the quest	ion.	10	of the question.	
11 A. I mean	, I deal with thousands of –	11	A. I don't know.	
12 of of of tran	sactions, you know, whether	12	Q. I'm sorry, you –	
13 it has - the pro	cessing of transactions, you	13	A. I said I don't know.	
14 know, if it has g	ot, you know, more – more	14	Q. Okay. Well, as the – as the CFO	
l -	w, behind it than others.	15	for Highland, if you saw \$7.4 million going	
l '	ou look at thousands of	16	out, you would feel some responsibility to	
1	er the years for funds and	17	account for that, wouldn't you?	
	and, you know, financial	18	MR. MORRIS: Objection to the form	
	ean, it is – it is very hard	19	of the question.	
	in — in my — you know,	20	A. Yes.	
	eer at – at Highland to	21	Q. Is it fair to say that those would	
l '	of those details, especially	22	be in the range large enough to rise up to your	
	ive any records or books or	23	level?	
1	at, and – and going back many	24	MR. MORRIS: Objection to the form	
25 years.	and area desired accountable.	25	of the question.	
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1 WATE	Page 288 RHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 289
	n't know if I understand	2	of the question.	
	Those amounts would arise to my	3	A. I don't know. As I testified	
	ould be involved or	4	earlier, I had conversations with Mr. Dondero	
	ould want to know what a	5	about – about the – the – the moneys that	
	amount, \$7.4 million, was all	6	were needed for the NAV error. And I recall	
	FO of Highland, wouldn't you?	7	him saying go get it from Highland – or get it	
	PRRIS: Objection to the form		from Highland.	
9 of the questi	-	9	Q. Well, why did you sign those	
	nake it – I mean, I – I			
		10	promissory notes and why didn't you have him	
1 1 10 10 10 10 10 10 10		10	promissory notes and why didn't you have him sign them?	
12 smaller dollar n	of payments, I mean, even	11	sign them?	
	of payments, I mean, even ayments on a periodic basis,	11 12	sign them? MR. MORRIS: Objection to the form	
13 you know, to –	of payments, I mean, even ayments on a periodic basis, to – to understand and to make	11 12 13	sign them? MR. MORRIS: Objection to the form of the question.	
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1	Page 290			Page 291
	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Fage 291
2	don't – I don't recall generally. I don't –	2	Q. Strike that.	
3	I don't recall.	3	Do you recall whether you sent an	
4	Q. So – but to the best of your	4	email to anyone asking them to draft those two	
5	recollection, it was on your initiative,	5	promissory notes?	
6	following your discussion with Mr. Dondero,	6	A. I don't recall because, again,	
7	that you had someone draft those two promissory	7	once I would have instructed likely	
8	notes; is that correct?	8	instructed the team to – to work with the	
9	MR. MORRIS: Objection to the form	9	legal group to draft these documents.	
10	of the question.	10	I – I – J – yeah, I didn't – I	
11	A. Yes, we would have – the team, as I	11	mean, that is more an operational-type	
12	stated earlier, we don't draft promissory	12	procedure. So, you know, a manager or a	
13	notes. "The team" meaning the accounting and	13	controller or working with legal. You know,	
14	finance team.	14	they – they can certainly handle that task to	
15	So the team would have worked with	15	get that – you know, to request that from	
16	the legal group at Highland to draft any notes.	16	legal.	
17	Q. Do you believe or do you have any	17	Q. And who on your team do you think	
18	recollection as to whether you would have done	18	you would have asked to do that?	
19	that pursuant to an email or telephone call or	19	MR. MORRIS: Objection –	
20	in-person meeting?	20	Q. Who would have been the logical	
21	MR. MORRIS: Objection to the form	21	person or people, if you don't remember their	
22	of the question.	22	name today?	
23	A. Are you asking if I would have – if	23	MR. MORRIS: Objection to the form	
24	those notes would have been drafted pursuant to	24	of the question.	
25	an email or phone call?	25	A. It – it – there is only two	
			7. It it diologothy two	
1	Page 292 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 293
2	managers of the group. That would have been	2	go-ahead was to – you know, we see the light	
3	Dave Klos or Kristin Hendrix.	_	go arroad was to you throw, we see the light	
١×		3	at the end of the tunnel with wrapping this up	
14		3	at the end of the tunnel with wrapping this up	
4 5	Dave was the one of his duties	4	and making shareholders whole – sorry to say	
5	Dave was the one of his duties was managing the valuation team, and so he was	4 5	and making shareholders whole – sorry to say "we" – you know, the – so the folks that are	
5	Dave was the — one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you	4 5 6	and making shareholders whole — sorry to say "we" — you know, the — so the folks that are involved in it.	
5 6 7	Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know	4 5 6 7	and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people	
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5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Dave was the — one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general — you know, I — I — I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And — and do you have a view as to whether it is most likely that you would have done that by email or in-person or how would you believe you would have communicated that to Mr. Klos? MR. MORRIS: Objection to the form of the question. A. I likely would have done that in person. Again, if things of this nature that — again, you have to put ourselves back	4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form of the question. A. I don't recall. Q. For whatever was the ordinary course back then in May 2019, would you expect to have received them only on paper or would you have expected to have received them in Word document or PDF document by email? MR. MORRIS: Objection to the form	
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1	Page 294 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 295
	few documents via email. I can't say that it	2	And my assistant, you know, if she	
3	never happened, but people either stopped by my	3	was there, she would review that you know,	
4	office and physically walked in documents for	4	whatever was being dropped off. And if that	
5	signature that we discussed face-to-face.	5	has legal, you know, reviewed or — reviewed or	
6	Or documents were – if – if –	6	approved it, if that wasn't – if that stuff	
7	if – if – let's say I wasn't there or I	7	hadn't been done, it was like she would just	
' ₈	wasn't available, documents were dropped off.	8	tell them like, go – go – go to the legal	
9	I had – I had some in- and outboxes in front	9	group, because –	
10	of my – my office there at the Crescent.	10	Q. Let me – let me pause –	
11	Documents would be dropped off for	11	MS. DANDENEAU: Let him finish.	
12	signature. There would be a cover sheet that	12	MR. MORRIS: Thank you. Go ahead.	
13	would be – have been applied to those	13	A. I take – go to the legal group	
14	documents detailing, you know, who dropped it	14	because that – that was my – you know, I	
15	off, the purpose, why, what time.	15	didn't – I didn't review anything that – that	
16	And then, you know, as I stated, I	16	they weren't – you know, or there wasn't some	
17	don't draft documents and I always go to the	17	representation made to me that they had	
18	legal group and the compliance group to make	18	reviewed, approved in some capacity.	
19	sure that they're in the loop. And there is	19	Again, my – my – my goal, as CFO,	
20	a – a box or section that says, Has legal	20	is to provide transparency and make sure that	
21	reviewed or approved, or something to that	21	groups like compliance and other things – and	
22	nature.	22	the other group in legal are – are in – you	
23		23		
1	Again, I don't – I don't have		know, their – they're made aware of	
24	access to that cover sheet anymore, but it	24	transactions of – you know, that are crossing	
25	was – it was something to that effect.	25	my desk.	
1	Page 296 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 297
2	Because I'm not in every	2	Q. Do you know – was there a file at	
3	conversation. They're not in every	3	Highland kept anywhere with ink-signed	
4	conversation – meaning legal compliance – and	4	originals of a promissory notes in general or	
5	I just want to make sure that — that everyone	5	these two promissory notes specifically?	
16	is in sync to, you know, to — to the extent	6	MR. MORRIS: Objection to the form	
7	possible.	7	of the question.	
8	Q. So if we summarize, you don't	8		
9		١.	A. Sorry, I just want to make sure I understand your question. Are you saying is	
1	specifically remember signing these two notes, but most likely it would have been that they	9	there a file somewhere that has ink-signed	
10	•	10	originals of these two promissory notes?	
11	would have presented – been presented to you	11	Q. Yes.	
12	physically on paper? MR_MORRIS: Objection to the form	12		
13	MR. MORRIS: Objection to the form	13	A. I would – I would assume they're	
14	of the question.	14	some place. I mean –	
15	A. They would – they would have been	15	Q. Well, was there a – was there a	
16	presented physically on paper most likely or	16	place where Highland generally kept originals	
17	someone would have left it. But, I mean,	17	of promissory notes owed to it?	
18	again, I don't – I don't recall.	18	A. I wouldn't – no.	
19	Q. Lunderstand. Understand.	19	MR. RUKAVINA: Mr. Nguyen, would you	
20	When you signed – when you signed	20	please pull up my A7, alpha 7.	
21	documents, when you personally signed	21	Q. These are the two promissory notes,	
22	documents, did you typically use a ink pen or	22	Mr. Waterhouse.	
23	did you use a stamp?	23	(Exhibit A7 marked.)	
24	A. No, I – I – I use a – an – an	24	Q. And please – Mr. Waterhouse, please	
	INV DOD	25	command my accorate to coroll down ac you need	
25	ink pen.	25	command my associate to scroll down as you need	

1 WATERHOUSE - 10-19-21 2 to, but twarty ou to belie a very close lock of a your two signatures here and tell me whether 4 you believe, in fact, that you link signed them 5 was used from time to time. It wasn't as 4 common practice boad in 2019. It definitely 6 was more common practice when whether 4 you believe, in fact, that you link signed them 5 was more common practice when when that bowk 6 from home and renotely for COVID because it 7 that made I almost impossible to, right, 8 mR RUKAVINA- Perfect. Then you 9 from home remotely for COVID because it 7 that made I almost impossible to, right, 9 from home remotely for COVID because it 7 that made I almost impossible to, right, 10 and the see of these – these signatures of the form home remotely for COVID because it 7 that made I almost impossible to, right, 10 and 10 and 10 area them, and 11 are defented, now that I stane at them, and 11 are defented, now that I stane at them, and 11 are defented, now that I stane at them, and 11 are defented in the promissory notes, Mr. Waterhouse, in light of 11 promissory notes, Mr. Waterhouse, in light of 12 you actually signed either or both of 14 those notes? 15 Mrs. DANDENEAU. Objection to form. 16 A common that you have examined 18 that. This – this lock like mry signing these 19 you actually destronically signed these? 19 you actually destronically signe		Page 298			Page 299
3 yeau seed from time to time. It wears that you believe, in fact, that you ink signed them 4 common practice back in 2019. It definitely 5 or whether you — 5 or whether you — 6 Mis. DANDENEAU. Mr. Rukawina, 6 from home and remotely for COVID because it 7 that made it almost impossible to, right, 8 mis. Rukawina, 9 from home and remotely for COVID because it 7 that made it almost impossible to, right, 9 or at take this down, Mr. Nguyen. 9 from home and remotely for COVID because it 7 that made it almost impossible to, right, 9 or whether you — 8 provide wat signatures since we're all working 9 from home remotely. 10 A. These — these e-these signatures and 1 may be defined in the signature. 11 promissory notes, Mr. Waterhouse, in light of 1	1		1	WATERHOUSE - 10-19-21	1 age 200
4 common practice back in 2018. It definitely 5 was more common practice when we had to work 6 from home and remotely for COVID because it 7 that made it almost impossible to, right, 8 was more common practice when we had to work 6 from home and remotely for COVID because it 7 that made it almost impossible to, right, 8 was more common practice when we had to work 6 from home and remotely for COVID because it 7 that made it almost impossible to, right, 8 was more common practice when we had to work 6 from home and remotely for COVID because it 7 that made it almost impossible to, right, 8 provide wet signatures show where all working 9 from home remotely, 10 call with the provided in the provided in the provided in the provinces of the provided in the prov	2	to, but I want you to take a very close look at	2	did have a an electronic signature, and that	
5 or whether you — MS. DANDENEAU: Mr. Rukavina, 7 Mr. Widerhouse has the copies. 8 MR. RUKAVINA: Perfect. Then you 9 can take this down, Mr. Nglyon. 10 A. These — these signatures 11 are identical, now that I staire at them, and I 12 mean, they are so close — I mean, they're 13 identical that, I mean, even with my chicken 14 sordant signature, I don't know if I fan — you 15 know, I do this 100 itmes, could I do that 16 as — as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 19 Mr. Widerhouse, now that you have examined 10 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 15 know, I don't have any of these records is 3 what fin saying. I don't have any of those 4 records. 1 WATERHOUSE - 10-19-21 2 you know, I don't have any of those 4 records. 1 WATERHOUSE - 10-19-21 2 you know, I don't have any of those records is 3 what fin saying. I don't have any of those 4 records. 1 WATERHOUSE - 10-19-21 2 you know, I don't have any of those records is 3 what fin saying. I don't have any of those 4 records. 1 WATERHOUSE - 10-19-21 2 you know, I don't have any of those records is 3 what fin saying. I don't have any of those 4 records. 1 WATERHOUSE - 10-19-21 2 you know, I don't have any of those records is 3 what fin saying. I don't have any of those 4 records. 1 WATERHOUSE - 10-19-21 2 you know, I don't have any of those 5 know, I don't recall from, built of the form 6 fine question. 1 MR. MORRIS: Objection to the form 7 floose emails. I'm tying to — I'm hoping that 8 you will give me some names or some details so 9 I can go know, I don't have any of those 10 An I and not recall discussed, you 11 than Mr. Dondero that we've discussed, you 12 finite, I recall, we've, the liabilities of 13 House form, and I take it you will be give the we've, the liabilities of 14 the case. 15 (Condreamed thave to go through the 16 from home and memotic proper to the intermediation o	3	your two signatures here and tell me whether	3	was used from time to time. It wasn't as	
6 from home and remotely for COVID because it 7 Mr. Waterhouse has the copies 7 Nr. Waterhouse has the copies 7 Nr. RUKANINA: Perfect. Then you 9 can take this down, Mr. Nguyen. 9 10 A. These — these — these signatures since we're all working 9 11 are identical, now that I stare at them, and I 10 O. Well, going just for these two 11 are identical, now that I stare at them, and I 11 mens, even with my chicken 12 wour inability to remember any obelais, are you 13 identical trial, Imman, even with my chicken 13 sure you subulily signed either or both of 14 soratch signature, lotor throw if I can—you 14 frose notes? 15 know, I do this 100 times, could I do that 16 as—as precisely as I see between the two 16 A. I don't recall specifically 17 signing — actually hybrically signing these 18 notes. As a I sale abfore, I other treat list of the my signature, but you actually electronically signed these? 19 from the word of them, does it seem like it is more likely that 20 to you should yelectronically signed the see? 21 Q. So you don't recall physically signing these 19 from these rooms in the form 29 signing them, and I take it you don't recall 21 you know, Highland 25 has all my emails. If that occurred, you know, 1 don't have any of these records is 3 what I'm saying. I don't have any of these records is 3 what I'm saying. I don't have any of these records is 3 what I'm saying. I don't have any of these records is 3 what I'm saying. I don't have any of these records is 3 what I'm saying. I don't have any of those 19 you will give any of these promissory notes prior to their 19 you will will will my home you will you will will will my home you will	4	you believe, in fact, that you ink signed them	4	common practice back in 2019. It definitely	
7 that made it almost impossible to, right, 8 MR. RUKAVINA: Perfect. Then you 9 can lake this down, Mr. Nguyen. 10 A. These—these signatures 11 are identical, now that I stere at them, and I 12 mean, they are so dose—I mean, they're 13 identical that, I mean, even with my chicken 14 soraidan signature, I don't frow of I can—you 15 know, I do this 100 times, could I do that 16 sa—as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 19 Q. Well, that is why I ask. 10 A. I don't recall specifically 19 that. This—this looks like my signature, 10 them, dose it seem like it is more likely that 11 you actually electronically signed these? 12 mS, MRRIS: Objection to the form 13 septimental that symbol these examined 14 mose notes and the surface and the s	5	or whether you –	5	was more common practice when we had to work	
8 MR. RUKANINA. Perfect. Then you 9 from home remotely. 10 a. These—these—these signatures 11 are identical, now that I stare at them, and I 11 are identical, now that I stare at them, and I 11 promissory notes, fiv. Wellerhouse, in light of 12 your insolity to remember any you details, any you actually signed either or both of 14 straint signature, I don't know if I can—you 13 sure you actually signed either or both of 14 straint signature, I don't know if I can—you 15 know, I don't stroil to insex, outd I do that 15 know. I do this 100 times, outd I do that 15 know. I don't is 100 times, outd I do that 16 as —as precisely as I see between the two 16 as —as precisely as I see between the two 17 signing — actually physically signing these 18 notes. As I said before, I don't recall doing 19 that. This—I this looks like my signature, 10 that I see the world in the set that 19 you actually electronically signed these? 21 Q. So you don't recall physically signing these and of the question. 22 signing them, and I take I you don't recall of them, does it seem like it is more likely that 20 brust entire and it lake I you don't recall in the I seem to signing the set was ground are intered? 24 A. I don't recall physically signing the entire? 25 postifically. As I said before, my assistant 26 become, and the intered it is all my emails. If that occurred, you know, 1 don't have any of those records is 3 A. And —and from what I recall, and 4 the reason why I was by my self is —is, you will give me some names or some details so 9 I can go look for more emails, but again, you 4 the reason why I was by my self is —is, you 5 know, I don't —and the was the secundary of these emails, but again, you 4 the reason why I was by my self is —is, you 12 know, I don't recall discussing it with 17 that extended the demand feature of two prior 18 national discussion in front of the pour 19 national discussion in front of the pour 19 national discussion in front in the form 19 national discussion in the form 19 national discussion in that	6	MS. DANDENEAU: Mr. Rukavina,	6	from home and remotely for COVID because it	
9 can take this down, Mr. Nguyen. 10 A. These – these signatures 11 are identical, now that I star at them, and I 12 mean, they are so dose – I mean, they're 13 identical that, I mean, even with my chicken 14 scratch signature, I don't know if I can – you 15 know, I do this 100 times, could I do that 16 as – as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 19 Mr. Waterhouse, now that J you have examined 19 them, does it seem like it is more likely that 20 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 Mr. MORRIS: Objection to from 23 of the question. 24 A. Is – I don't recall 25 specifically. As I said before, my assistant 26 you know, I don't have any of those 27 Q. That is why I'm asking you these 28 questions in great detail because I don't have any of those 29 (Q. That is why I'm asking you these 30 Q. That is why I'm asking you these 40 questions in great detail because I don't have any of those 41 records. 42 Page 300 43 A. A. A. a. – I don't eval all because I don't have any of those 44 records. 45 Q. That is why I'm asking you these 46 questions in great detail because I don't have any of those 47 those emails. I'm thy got – I'm boping that 48 you will give me some names or some details so 49 I can go book for more emails, but again, you 40 don't remember any – any individual, other 41 the records. 42 A. I don't recall double with whom you 41 don't remember any – any individual, other 42 don't remember any – any individual, other 43 discussed these promissory notes prior to their 44 execution? 45 MR. MCRRIS: Objection to the form 46 A. I don't recall doscussing it with 47 That exceeded its assest, comer? 48 A. I don't recall doscussing it with 49 A. I don't recall doscussing it with 40 A. I don't recall doscussing it with 41 That extended the demand leature of two prior 42 A. I don't recall that in 43 A. I don't recall doscussing it with 44 the recall with Mr. Dondero to the records of the promise of the prior and the proper a	7	Mr. Waterhouse has the copies.	7	that made it almost impossible to, right,	
10 Q. Well, going just for these two 11 are identical, now that I stare at them, and I 12 mean, they are so close – I mean, they're 13 identical that, I mean, even with my chicken 13 identical that, I mean, even with my chicken 14 scratch signature, I don't know if I can – you 15 know, I do this 100 times, could I do that 16 as – as precisely as I see between the two 16 as – as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 19 Mr. Waterhouse, now that you have examined 19 them, does it seem like it is more likely that 20 but yet these two signatures are identical. 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 of the question. 24 A. Is – I don't recall 25 specifically. As I said before, my assistant 26 as a what I'm asying. I don't have any of these records is 3 what I'm asying. I don't have any of these records is 4 records. 4 records. 5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 those emails. I'm thying to – I'm hoping that 8 you will give me some names or some details so 9 (can go look for more emails, but again, you 10 don't remember any individual, other 11 man Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 anytody else. 15 MS. DANDENEAU. Objection to form. 16 A. I don't recall spicifically signing these 18 notes. As I said before, loof it recall doing 19 that. This – this looks like my signature, 20 but yet hese two signatures are identical. 21 but yet hese two signatures are identical. 22 signing them, and I take it you don't recall 23 electronically signing them either? 24 A. I don't recall. You know, Highland 25 specifically. As I said before, my assistant 26 lectronically signing theme either? 27 day of 2019. 28 A.	8	MR. RUKAVINA: Perfect. Then you	8	provide wet signatures since we're all working	
11 are identical, now that I stare at them, and I 12 mean, they are so close — I mean, they/e 13 identical trait, I mean, even with my chicken 14 scratch signature, I don't know if I can — you 15 know, I do this 100 times, could I do that 16 as — as precisely as I see between the two 17 notes. 18 Q. Well, that is wifly I ask. 19 Mr. Waterhouse, now that you have examined 20 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 of the question. 24 A. I = I don't I – I don't recall specifically 25 specifically. As I said before, my assistant 26 water ms as a specifically. As I said before, I don't recall specifically spring these electronically signing these electronically signing these promises on the form of the question. 25 you don't recall year and I take it you don't recall specifically. As I said before, my assistant 26 water ms asying. I don't have any of these records is 3 what fm saying. I don't have any of these expected is a sear with water may be my mails. If that occurred, you know, I don't have any of these equestions in great detail because I don't have expected is savent is a proper to be a surface of the proper of the prope	9	can take this down, Mr. Nguyen.	9	from home remotely.	
11 are identical, now that I stare at them, and I 12 mean, they are so close – I mean, they're 13 identical that, I mean, even with my chicken 14 stratch signature, I don't know if I can – you 15 know, I do this 100 times, could I do that 16 as – as precisely as I see between the two 17 notes. 18 Q. Well, that is withy I ask. 19 Mr. Waterhouse, now that you have examined 20 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 of the question. 24 A. I – I don't recall specifically 25 specifically. As I said before, I don't recall specifically 26 you know, I don't have any of these records is 3 what fm saying. I don't have any of these equestions in great detail because I don't have 4 records. 5 Q. That is why fm asking you these 6 questions in great detail because I don't have 7 those emails. I'm thying to – I'm hoping that 8 you will give me some names or some defails so 9 I can go look for more emils, but again, you 10 don't remember any defails on the form 11 MR. MCRRIS: Objection to the form 12 Continement of the propriet of the propriet of the propriet of the question. 13 use you actually physically signing these 14 execution? 14 This – I don't recall specifically physically physically signing these 15 A. I don't recall yet these to signatures are identical. 26 decironically signing them either? 27 you will give mean the records is 28 what fm saying. I don't have any of these execution? 29 A. A. B. – I don't – I don't recall and 20 the remember any details because I don't have 20 the propriet of the propri	10	~ .	10	•	
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 2F4 FRage 1/89/12431 Page 165 of 200 PageID 35626

1 WATERHOUSE - 10-19-21 2 MR. MORRIS: Objection to the form 3 of the question. 4 A. Yes. 5 MR. RUKAVINA: And, Mr. Nguyen, just 6 so that the record is clear, will you please 7 pull up my Exhibit Alpha 10, A10. 8 (Exhibit A10 marked.) 9 Q. You don't have this one in front of 10 you, Mr. Waterhouse? This is the one that 11 Mr. Morris used earlier. Do you see that 12 document, sir? 13 A. Yes, Ido. 14 Q. And this is what you were testifying 15 about before when Mr. Morris was asking you. 16 Do you remember that? 17 A. Yes. 18 Q. So here is my question for you, 19 Mr. Waterhouse: As the chief financial officer 20 of Highland, was it prudent for Highland less 21 creditworthiness? 22 \$7.2 million to an insolvent entity that 23 couldn't even then pay its debts back to 24 Highland? 25 MS. DANDENEAU: Objection to form. 21 MR. MORRIS: Objection to the form 22 MR. MORRIS: Objection to the form 3 of the question to find you say, was it prudent 4 A. Sony, I just want to make sure — 2 are you asking me, did you say, was it prudent for HoMFA a 3 of the question to for Highland to loan \$7.4 million to the CMFA a 4 A. Sony, I just want to make sure — 3 or the question to HoMFA a 5 few weeks after this document was executed? 8 Q. Yes, and at a time when HCMFA's 9 liabilities exceeded its assets. 10 MR. MORRIS: Objection to the form 11 of the question. 12 A. I don't – it is odd. I don't know. 13 MR. RUKAVINA: You can take this 14 exhibit down, Mr. Nguyen. 15 Q. Do you recall asking anyone, 16 Mr. Dondero or – or anyone outside as to 17 whether Highland ought to be lending 18 \$7.4 million to HCMF regarding HCMF's 19 Mr. Waterhouse: As the chief financial officer 20 of Highland, was it prudent for Highland less 20 MR. MORRIS: Objection to the form 21 than three weeks later to be lending 22 \$7.2 million to an insolvent entity that 22 A. I don't recall. 23 Q. Did you receive personally any of 24 that \$7.4 million? 25 A. No.		Case 3.21-CV-00001-A DUCUME EEXTINICALIF FIN	u g	o in o or in a gold to	0020
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8 your title as treasurer by your name, Frank 9 MR. RUKAVINA: I had asked him 9 Waterhouse? 10 whether he received any of the 11 \$7.4 million. He said no. 11 A. I didn't – I didn't draft this 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again. 18 Q. Did you personally receive any 19 direct benefit from those two notes for 20 \$7.4 million? 21 A. No. 22 Q. Did you ever personally consider 23 yourself obligated to repay either or both of 20 Waterhouse? 21 Did your rame, Frank 9 Waterhouse? 10 MS. DANDENEAU: Objection to form. 11 A. I didn't – I didn't draft this 12 document. 13 Q. So you relied on whoever drafted it 14 to draft it correctly? 15 A. Yes. 16 Q. Okay. But back then when you signed 17 this, did it ever cross your mind that you were 18 the maker on these notes? 19 A. No. 20 Back then when you signed this 21 document, did it ever cross your mind that you 22 could be a co-obligor on these notes? 23 A. No. I didn't receive \$7.4 million,	ı	•	7		
9 MR. RUKAVINA: I had asked him 9 Waterhouse? 10 whether he received any of the 11 \$7.4 million. He said no. 11 A. I didn't – I didn't draft this 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again. 18 Q. Did you personally receive any 19 direct benefit from those two notes for 20 \$7.4 million? 21 A. No. 22 Q. Did you ever personally consider 23 yourself obligated to repay either or both of 20 Waterhouse? 21 MS. DANDENEAU: Objection to form. 11 A. I didn't – I didn't draft this 21 A. No. I didn't ever cross your relied on whoever drafted it 22 document. 23 Waterhouse? 29 Waterhouse? 30 Was. DANDENEAU: Objection to form. 41 A. I didn't ever this 4 document. 41 A. I didn't arethins 4 document. 4 A. I didn't arethins 4 Council don't arethins 4 document. 4 A. Ves. 4 O. Okay. But back then when you signed 4 the maker on these notes? 4 No. 4 No. 5 Dack then when you signed this 6 document, did it ever cross your mind that you 7 Q. Did you ever personally consider 8 Q. Did you ever personally consider 9 A. No. I didn't receive \$7.4 million,	8		8		
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16 Q. Okay. But back then when you signed 17 question again. 18 Q. Did you personally receive any 19 direct benefit from those two notes for 20 \$7.4 million? 21 A. No. 22 Q. Did you ever personally consider 23 yourself obligated to repay either or both of 20 Q. Okay. But back then when you signed 17 this, did it ever cross your mind that you were 18 the maker on these notes? 19 A. No. 20 Q. Back then when you signed this 21 document, did it ever cross your mind that you 22 could be a co-obligor on these notes? 23 No. I didn't receive \$7.4 million,	l	. •		· · · · · · · · · · · · · · · · · · ·	
17 this, did it ever cross your mind that you were 18 Q. Did you personally receive any 19 direct benefit from those two notes for 19 A. No. 20 \$7.4 million? 20 Q. Back then when you signed this 21 A. No. 21 document, did it ever cross your mind that you 22 Q. Did you ever personally consider 23 yourself obligated to repay either or both of 20 A. No. I didn't receive \$7.4 million,					
18 Q. Did you personally receive any 19 direct benefit from those two notes for 20 \$7.4 million? 21 A. No. 22 Q. Did you ever personally consider 23 yourself obligated to repay either or both of 28 the maker on these notes? 29 A. No. 20 Q. Back then when you signed this 21 document, did it ever cross your mind that you 22 could be a co-obligor on these notes? 23 A. No. I didn't receive \$7.4 million,	l	•			
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21 A. No. 21 document, did it ever cross your mind that you 22 Q. Did you ever personally consider 23 yourself obligated to repay either or both of 21 document, did it ever cross your mind that you 22 could be a co-obligor on these notes? 23 A. No. I didn't receive \$7.4 million,	1				
22 Q. Did you ever personally consider 23 yourself obligated to repay either or both of 22 could be a co-obligor on these notes? 23 A. No. I didn't receive \$7.4 million,	l				
23 yourself obligated to repay either or both of 23 A. No. I didn't receive \$7.4 million,	l				
	l			-	
24 those notes? 24 I mean	l				
	l				
25 A. No. 25 Q. But can you say that HCMFA received	25	A. No.	25	Q. But can you say that HCMFA received	

1	Page 306 WATERHOUSE - 10-19-21	1	Page 30 WATERHOUSE - 10-19-21
1	\$7.4 million?	2	MS. DANDENEAU: Objection to the
l			•
3	A. I would have to go back and look and	3	form.
l	check in, you know, the — the financial	4	A. Yes.
5	records and the bank statements.	5	Q. So do you agree with me that it's
6	MR. RUKAVINA: You can take this	6	odd – I think that is the word you used –
l	exhibit down, Mr. Nguyen.	7	that Highland would be loaning \$7.4 million a
8	Q. Mr. Waterhouse, I'm not trying to be	8	few weeks after that extension to an entity
9	a smart-ass, but if the law says that because	9	whose liabilities exceeded its assets, and you
10	of the way that you signed this promissory	10	would agree with me that it was never your
11	note, if that is what the law says, that that	11	intention to be in any way liable for these two
12	made you personally personally liable, then	12	promissory notes; correct?
13	you would agree with me that that was never	13	MR. MORRIS: Objection to the form
14	your intent?	14	of the question.
15	MR. MORRIS: Objection to the form	15	A. Sorry, you – you asked a lot there.
16	of the question.	16	MR. RUKAVINA: I will strike it and
17	A. That was never – I wouldn't sign a	17	I will move on.
18	note and not get consideration in return.	18	Let's go to pull up Exhibit 9,
19	Q. So putting all other issues aside,	19	please Mr. Nguyen – Alpha 9, I'm sorry, Alpha
20	if the law – if the law says that you were	20	9, A9.
21	liable for those notes because of how you	21	(Exhibit A9 marked.)
l	•	22	·
22	signed them, then would you agree with me that		Q. Sir, take a moment to look at this,
23	these notes are a mistake?	23	but this is an email, and you will see attached
24	MR. MORRIS: Objection to the form	24	July 31, 2020 affiliate notes.
25	of the question.	25	Do you see that attachment?
1	Page 308 WATERHOUSE - 10-19-21	1	Page 30 WATERHOUSE - 10-19-21
1		1	
2		2	schedule of assets. What exhibit is this
3	Q. Okay. And do you see an entry for	3	of ours, Mr. Nguyen?
4	Highland Capital Management Fund Advisors?	4	MR. NGUYEN: This is A11.
5	MR. MORRIS: I'm sorry, hold on.	5	MR. RUKAVINA: Oh, this will be A11.
6	Where are you looking?	6	(Exhibit A11 marked.)
7	MR. RUKAVINA: Last page, John.	7	Q. You don't have this in front of you,
8	MR. MORRIS: Is it the page on the	8	Mr. Waterhouse?
9	•		
1 1∩	screen?	9	A. Okay.
10	MR. RUKAVINA: Oh, I'm sorry.	9 10	Q. This is what Mr. Morris used
11		-	•
ı	MR. RUKAVINA: Oh, I'm sorry.	10	Q. This is what Mr. Morris used
11	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page	10 11	Q. This is what Mr. Morris used earlier. Do you remember looking at this with
11 12	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there.	10 11 12	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris?
11 12 13	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you.	10 11 12 13	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes.
11 12 13 14	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA?	10 11 12 13 14	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to
11 12 13 14 15 16	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million.	10 11 12 13 14 15 16	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay.
11 12 13 14 15 16 17	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that?	10 11 12 13 14 15 16 17	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C.
11 12 13 14 15 16 17 18	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do.	10 11 12 13 14 15 16 17 18	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to
11 12 13 14 15 16 17 18 19	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any	10 11 12 13 14 15 16 17 18 19	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted?
11 12 13 14 15 16 17 18 19 20	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million,	10 11 12 13 14 15 16 17 18 19 20	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that,
11 12 13 14 15 16 17 18 19 20 21	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million, plus the 5.3 million that had been extended,	10 11 12 13 14 15 16 17 18 19 20 21	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that, you know, the team worked with DSI in providing
11 12 13 14 15 16 17 18 19 20 21 22	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million, plus the 5.3 million that had been extended, why that amount was only 10.5 million?	10 11 12 13 14 15 16 17 18 19 20 21 22	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that, you know, the team worked with DSI in providing these. I – I don't – I don't know.
11 12 13 14 15 16 17 18 19 20 21 22 23	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million, plus the 5.3 million that had been extended, why that amount was only 10.5 million? A. I don't know. Okay.	10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that, you know, the team worked with DSI in providing these. I – I don't – I don't know. Q. Can we deduce – is it logical to
11 12 13 14 15 16 17 18 19 20 21 22	MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million, plus the 5.3 million that had been extended, why that amount was only 10.5 million?	10 11 12 13 14 15 16 17 18 19 20 21 22	Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that, you know, the team worked with DSI in providing these. I – I don't – I don't know.

Page 310	Page 311
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 MR. MORRIS: Objection to the form	2 Q. It would be \$12.7 million. Is that
3 of the question.	3 generally correct?
4 A. I mean, it – it is a – it is – it	4 A. Sorry, the amounts were 7.4, 5.3.
5 is approximate.	5 Q. Yes.
6 Q. Well, can we – can we deduce – or,	6 A. Okay. Yeah, that - that - I can
7 I'm sorry, strike that.	7 do that math, yes.
8 Can you, sitting here today,	8 Q. Do you have any explanation or any
9 logically conclude that Affiliate Note B or C	9 understanding of why there is no similar entry
10 represents HCMFA?	10 listed here on the schedule of assets filed
11 MR. MORRIS: Objection to the form	11 with the bankruptcy court?
12 of the question.	12 MR. MORRIS: Objection to the form
13 A. Idon't know. Idon't know. I	13 of the question.
14 can't.	14 A. I don't know. We have to look at
15 Q. Okay. As of the petition date, we	15 the supporting schedules, like I talked about
16 have established that HCMFA, under promissory	16 other – presumably there is – there is a
17 notes, owed \$7.4 million and \$5.3 million to	17 build to the schedule that would provide the
18 the debtor; correct?	18 detail.
19 MR. MORRIS: Objection to the form	
20 of the question.	Q. Well, that was going to be my nextquestion. You anticipated it.
·	·
21 A. Yes.	21 MR. RUKAVINA: You can – you can
22 Q. Okay. And by my reckoning, that	take this down, Mr. Nguyen.
23 would be somewhere approaching \$13 million.	Q. Do you believe that whenever you and
24 MR. MORRIS: Objection to the form	24 your team provided the underlying data to the
25 of the question.	25 financial advisor that the actual names of the
Page 312 1 WATERHOUSE - 10-19-21	Page 313 1 WATERHOUSE - 10-19-21
2 affiliates for Affiliate Note A, B, and C would	2 I mean, it was – our job and our
3 have been listed there?	•
	2 focus and Ltactified in court back in 2010:
	3 focus – and I testified in court back in 2019;
4 A. Are you asking we provided the names	4 right – was – was to be transparent and, you
 4 A. Are you asking we provided the names 5 to the financial advisor? I don't – I don't 	 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters
 A. Are you asking we provided the names to the financial advisor? I don't – I don't understand who the financial advisor is. 	 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at
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 4 A. Are you asking we provided the names 5 to the financial advisor? I don't – I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 	 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you
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 A. Are you asking we provided the names to the financial advisor? I don't – I don't understand who the financial advisor is. Q. I'm sorry, DSI. Let me ask the question this way, Mr. Waterhouse. Whenever you provided information 	 right – was – was to be transparent and, you know, get DSI up to speed on – on the matters at Highland. So I can't see us redacting at that point. MR. RUKAVINA: Mr. Nguyen, will you please pull up Mr. Morris' Exhibit 36. Just the very first page, the very top
4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you	 right – was – was to be transparent and, you know, get DSI up to speed on – on the matters at Highland. So I can't see us redacting at that point. MR. RUKAVINA: Mr. Nguyen, will you please pull up Mr. Morris' Exhibit 36. Just the very first page, the very top email. You might zoom in a little bit.
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	Barrate
Page 314 1 WATERHOUSE - 10-19-21	Page 315
2 you might have made a mistake by referring to a	2 you signed were demand notes; right?
3 singular instead of a plural; right?	3 A. Yes.
4 A. Yes.	4 Q. Do you find it logical, based on
5 Q. Okay. And you – you wrote – a	5 your experience, that had they intended to have
6 couple of sentences later, you wrote: There	6 a different or a set maturity date, you would
7 was an agreement between HCMLP and HCMFA the	7 have instructed that that set maturity date be
8 earliest they could demand is May 2021.	8 included instead of a demand feature?
9 You wrote that; right?	9 MR. MORRIS: Objection to the form
10 A. Yes.	10 of the question.
11 Q. But I think you – you agreed with	11 A. Sorry, just want to make sure I
12 Mr. Morris that that can't possibly apply to	12 understand. You are saying that – that the
13 the May 2019 notes, can it?	13 \$5 million note, the \$2.4 million note, if
14 MR. MORRIS: Objection to the form	14 those were supposed to be a term note, that I
15 of the question. That is not what he	15 would have made sure that those were a term
16 testified to.	16 note?
17 Q. Let me ask – let me ask a different	17 Q. I'm saying – I'm saying,
18 question.	18 Mr. Waterhouse, that on May the 2nd and May the
19 Sitting here today – or if you can	19 3rd, 2019, if you intended that those two
20 answer me from your memory on October 6,	20 promissory notes could not be called until May
21 2020 – did the April acknowledgment that	21 2021, would you have included such language in
22 extended the maturity date apply to the	22 those two promissory notes?
23 May 2019 notes also?	23 MR. MORRIS: Objection to the form
24 A. I don't recall specifically.	24 of the question.
25 Q. Well, you recall that the notes that	25 A. I guess – I'm sorry, I don't recall
	7
Page 316 1 WATERHOUSE - 10-19-21	Page 317 1 WATERHOUSE - 10-19-21
2 putting language in those May notes. I don't	2 MR. RUKAVINA: You can pull this
3 remember what language you are referring to.	3 down, Mr. Nguyen.
4 Q. Well, let's read this again.	4 Q. So, Mr. Waterhouse, you don't
5 There was an agreement between HCMLP	5 remember Mr. Dondero telling you to make these
6 and HCMFA the earliest they could demand is May	6 loans or not. HCMLP was loaning \$7.4 million
7 2021.	7 to someone that their assets were less than
8 Do you recall that agreement?	8 their liabilities.
9 A. Yes, that was the agreement we	9 We don't see on the July list of
10 looked at earlier; correct?	10 notes, where there is \$12.7 million of notes,
11 Q. Okay. Yes.	11 we don't see that on the bankruptcy schedules,
12 Do you – do you understand now that	12 and we have this Exhibit 36 where you are
13 that agreement that we looked at earlier also	13 confused.
14 applied to the May 2019 notes that you signed?	14 Are you prepared to tell me, sir,
15 A. I don't – I don't know.	15 today that you might have made a mistake in
16 Q. But as of October 6, 2020, you're	16 executing those two promissory notes?
17 writing that there is one demand note and	17 MR. MORRIS: Objection to the form
18 you're categorizing that demand note as not	18 of the question.
19 being demandable on May 2021; correct?	19 A. I – I don't know.
20 A. Yes.	20 Q. And if it turns out that you're
21 Q. And you know now that you made at	21 personally liable for those promissory notes,
, ,	22 it would certainly be a mistake, wouldn't it?
22 least one mistake in this email: correct?	
22 least one mistake in this email; correct? 23 MR MORRIS: Objection to the form	
23 MR. MORRIS: Objection to the form	23 MS. DANDENEAU: Objection to the

1	Page 318 WATERHOUSE - 10-19-21	1	Page 3 WATERHOUSE - 10-19-21
2	A. Yes.	2	know. I don't know how I disagree with that.
3	Q. If Mr. Dondero testifies that he	3	Q. And just to confirm, you don't
4	never told you to make these loans, would you	4	remember ever asking Mr. Dondero whether you
5	disagree with his testimony?	5	should have two promissory notes prepared?
6	MR. MORRIS: Objection to the form	6	A. No.
7	of the question.	7	Q. And you don't remember discussing
8	A. Like I testified earlier with my	8	with Mr. Dondero what the terms of those two
9	conversation with Mr. Dondero, all I recall is	9	promissory notes should be?
10	he said, get the money from Highland.	10	A. I don't recall — I testified all I
11	Q. And if Mr. Dondero testifies that	11	recall is he said, get the money from Highland.
12	he, in consultation with other senior personnel	12	I don't the the terms of the note, I
13	at Highland, decided that Highland needed to	13	don't recall ever having a discussion around
14	pay HCMFA \$7.4 million as compensation for the	14	the terms of the note, but since I don't draft
15	NAV error and not a loan, would you have any	15	the notes, that there could have been a
16	reason to disagree with Mr. Dondero?	16	conversation with other people later.
17	MR. MORRIS: Objection to the form	17	Q. Do you have any memory of whether
18	of the question.	18	after the notes were drafted, but before you
19	A. If that was – if that was his	19	signed them, that you communicated with
20	intent, yes, it would – I would –	20	Mr. Dondero in any way to just confirm or – or
21	Q. Do you have any reason to disagree	21	get his blessing or ratification to signing
22	with him?	22	those notes?
23	MR. MORRIS: Objection to the form	23	MR. MORRIS: Objection to the form
24	of the question.	24	of the question.
25	A. If that was his intent, I don't	25	A. I don't recall.
	Page 320		Page 3
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21
2	Q. Again, the only thing you remember,	2	multiple times over COVID, she would attach my
3	sitting here today, was Mr. Dondero said, get	3	signature block and then email it out to
4	the money from Highland, and that is it, that	4	whatever party.
5	is all you remember?	5	Q. What was your assistant's name in
6	MR. MORRIS: Objection to the form	6	May 2019?
7	of the question.	7	A. It was Naomi Chisum.
8	A. I testified to that several times.	8	Q. Is she the only one? I'm sorry, was
9	This was over two years ago. A lot has	9	she your only assistant that would have maybe
10	happened. That is all I recall.	10	facilitated logistically something like you
11	Q. And help me here. I'm not very	11	just described?
12	technologically astute. When you – and I – I	12	A. You know, she was out on maternity
13	recognize that you do it rarely, but when you	13	leave at some point. I don't - I don't recall
		1	those dates where she was out for maternity
14		14	those dates where she was out for maternity
	sign a document electronically, do you believe	14	•
15	sign a document electronically, do you believe that there is an electronic record of you	15	leave. There was there were folks backing
15 16	sign a document electronically, do you believe that there is an electronic record of you having authorized or signed a document	15 16	leave. There was – there were folks backing her up. I don't recall specifically who
15 16 17	sign a document electronically, do you believe that there is an electronic record of you having authorized or signed a document electronically?	15 16 17	leave. There was – there were folks backing her up. I don't recall specifically who those – who those, you know, administrative
15 16 17 18	sign a document electronically, do you believe that there is an electronic record of you having authorized or signed a document electronically? MR. MORRIS: Objection to the form	15 16 17 18	leave. There was – there were folks backing her up. I don't recall specifically who those – who those, you know, administrative assistants were, and I don't recall
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	Page 322 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 323
2	complaints that have been filed that is against	2	Q. Obviously with COVID, it changed,	
3	HCMFA and NexPoint, did you see any drafts of	3	but – but before COVID, did you used to meet	
4	those complaints before they were filed?	4	with Mr. Seery from time to time in-person?	
5	MR. MORRIS: Objection to the form	5	A. Yeah, I mean, so before COVID – so	
6	of the question, and to the extent that you	6	we're talking kind of late March, early April,	
7	had any communications with counsel or you	7	right, there was about – I don't remember the	
8	were shown drafts of the complaints by	8	specific date when the board for Highland was	
9	counsel while you were employed by	9	appointed. I believe it was around February of	
10	Highland, I direct you not to answer.	10	2020, so maybe there was a month-and-a-half,	
11	A. I – I reviewed documents yesterday	11	two-month window where we were meeting	
12	with counsel here. I believe that is the first	12	in-person or, you know, like we were actually	
13	time I have ever seen those.	13	in the office, excuse me, we were in the	
14	Q. Okay. Did you ever discuss with	14	office.	
	Mr. Seery these two lawsuits before or after	15		
15 16	they were filed?		And, you know, when they were first	
16 17	,	16	appointed, the board members and Mr. Seery	
17	A. I don't recall.	17	were – were definitely down here more	
18 10	Q. Were you ever interviewed by legal	18	in-person.	
19	counsel, to your knowledge, about these	19	Q. Did you ever see Mr. Seery taking	
20	promissory notes before the complaints were	20	written notes of of his meetings with you or	
21	filed? Without going into what was said, were	21	others?	
22		22	A. I don't recall.	
23	MR. MORRIS: Objection to the form	23	Q. Do you recall on any Zoom or video	
24	of the question.	24	conference with Mr. Seery, seeing him take	
25	A. I don't recall.	25	notes, written notes?	
_	Page 324		WATER 1010F 40 40 04	Page 325
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	A. The Zoom calls we had, I don't	2	MR. RUKAVINA: Can we make it five	
3	recall having seen video or, you know, or if it	3	minutes?	
4	was on Zoom, I just remember it being – well,	4	THE WITNESS: Five minutes would be	
5	no, you know what, there were some you know,	5	great.	
6				
	I take that back.	6	VIDEOGRAPHER: We're going off the	
7	So there were – there were some	6 7	record at 5:53 p.m.	
7 8	So there were – there were some times that I did remember seeing Mr. Seery	6	record at 5:53 p.m. (Recess taken 5:53 p.m. to 5:59 p.m.)	
	So there were – there were some	6 7	record at 5:53 p.m.	
8 9	So there were – there were some times that I did remember seeing Mr. Seery	6 7 8	record at 5:53 p.m. (Recess taken 5:53 p.m. to 5:59 p.m.)	
8 9 10	So there were – there were some times that I did remember seeing Mr. Seery on – on some of the Zoom calls.	6 7 8 9	record at 5:53 p.m. (Recess taken 5:53 p.m. to 5:59 p.m.) VIDEOGRAPHER: We are back on the	
8 9 10 11	So there were — there were some times that I did remember seeing Mr. Seery on — on some of the Zoom calls. Q. Well, let me —	6 7 8 9 10	record at 5:53 p.m. (Recess taken 5:53 p.m. to 5:59 p.m.) VIDEOGRAPHER: We are back on the record at 5:59 p.m.	
8 9 10 11 12	So there were – there were some times that I did remember seeing Mr. Seery on – on some of the Zoom calls. Q. Well, let me – A. I don't – sorry, I'm thinking. I'm	6 7 8 9 10 11	record at 5:53 p.m. (Recess taken 5:53 p.m. to 5:59 p.m.) VIDEOGRAPHER: We are back on the record at 5:59 p.m. Q. Mr. Waterhouse, I had asked you	
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8 9 10 11 12 13 14 15 16 17 18 19 20	So there were – there were some times that I did remember seeing Mr. Seery on – on some of the Zoom calls. Q. Well, let me – A. I don't – sorry, I'm thinking. I'm thinking – I'm going back. I'm trying to process this. Q. I can make it much quicker, Mr. Waterhouse. I have heard – I have heard that Mr. Seery is a copious note taker. Do you have any knowledge about that? A. No. Q. Okay. Switching gears yet again,	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	record at 5:53 p.m. (Recess taken 5:53 p.m. to 5:59 p.m.) VIDEOGRAPHER: We are back on the record at 5:59 p.m. Q. Mr. Waterhouse, I had asked you earlier about contracts between HCMFA and the debtor, and now I'm going to talk about contracts between the debtor and NexPoint Advisors. Okay? A. Okay. Q. Now, were there contracts similar to the ones with HCMFA that NexPoint had in the nature of employee reimbursement and shared services?	
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8 9 10 11 13 14 15 16 17 18 19 20 21 22 23	So there were – there were some times that I did remember seeing Mr. Seery on – on some of the Zoom calls. Q. Well, let me – A. I don't – sorry, I'm thinking. I'm thinking – I'm going back. I'm trying to process this. Q. I can make it much quicker, Mr. Waterhouse. I have heard – I have heard that Mr. Seery is a copious note taker. Do you have any knowledge about that? A. No. Q. Okay. Switching gears yet again, and this will be last theme. Do you need a restroom break, or are you good to go for another half an hour?	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	record at 5:53 p.m. (Recess taken 5:53 p.m. to 5:59 p.m.) VIDEOGRAPHER: We are back on the record at 5:59 p.m. Q. Mr. Waterhouse, I had asked you earlier about contracts between HCMFA and the debtor, and now I'm going to talk about contracts between the debtor and NexPoint Advisors. Okay? A. Okay. Q. Now, were there contracts similar to the ones with HCMFA that NexPoint had in the nature of employee reimbursement and shared services? A. Yes, they – NexPoint Advisors and Highland Capital Management Fund Advisors had cost reimbursement and shared services	
8 9 10 11 13 14 15 16 17 18 19 20 21 22	So there were – there were some times that I did remember seeing Mr. Seery on – on some of the Zoom calls. Q. Well, let me – A. I don't – sorry, I'm thinking. I'm thinking – I'm going back. I'm trying to process this. Q. I can make it much quicker, Mr. Waterhouse. I have heard – I have heard that Mr. Seery is a copious note taker. Do you have any knowledge about that? A. No. Q. Okay. Switching gears yet again, and this will be last theme. Do you need a restroom break, or are you good to go for	6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	record at 5:53 p.m. (Recess taken 5:53 p.m. to 5:59 p.m.) VIDEOGRAPHER: We are back on the record at 5:59 p.m. Q. Mr. Waterhouse, I had asked you earlier about contracts between HCMFA and the debtor, and now I'm going to talk about contracts between the debtor and NexPoint Advisors. Okay? A. Okay. Q. Now, were there contracts similar to the ones with HCMFA that NexPoint had in the nature of employee reimbursement and shared services? A. Yes, they – NexPoint Advisors and Highland Capital Management Fund Advisors had	

Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 2F4 FRage 93/49/12131 Page 171 of 200 PageID 35632

to NexPoint? A Yes. Q. Would those have included accounting services? 19 Q. A Yes. 10 A Yes. 10 A Yes. 11 A Yes. 12 Q. And as part of those accounting 21 that accounts payable and other obligations 22 services, would the debtor have assisted 23 NexPoint with paying list bills? 24 MR. MORRIS: Objection to the form 25 of the question. 26 WATERHOUSE - 10-19-21 27 Q. You answered yes? 38 A Yes. 40 And the payments, though, whose 41 Q. And the payments, though, whose 42 Q. And the payments, though, whose 43 A Yes. 44 A I mean, yes, amongst other things. 55 funds would they be made from? 65 A From the bank account of NexPoint 66 A From the bank account of NexPoint 70 Advisors' bank account. 71 You should have that – it is my Tab 1 or my 72 Exhibit 1. 73 Q. So this is a – this is a series of 74 Page 328 75 Page 328 76 Page 328 77 Do you see that? 8 A Yes, Ido. 9 Q. So what – 10 Q. So left spull up Exhibit Alpha 1. 11 You should have that – it is my Tab 1 or my 12 Exhibit 1. 13 Q. So what is – what is Ms. Hendrix 14 Q. So this is a – this is a series of 15 Page 328 16 First page here, November 25, 2020, between 17 Kristin Hendrik and yourself. 18 A Yes. 18 A Yes. 20 And si that one of services that the debtor provided NexPoint, basically ensuring 21 that accounts payable and other obligations 22 would be paid? 23 A Yes. 4 A Yes. 4 MR. MORRIS: Objection to the form 25 Objection to the form 26 Objection to the form 27 Objection to the form 28 Objection to the paid? 29 Q. And she was that how you all internally 30 A Yes. 4 A I mean, yes, amongst other things. 5 Q. And she writes at the bottom of her 6 email: Okay to release? 7 Do you see that? 8 Objection to the form 9 Q. So what - 10 MR. MORRIS: Objection to the form 11 You should have that – it is my Tab 1 or my 12 Exhibit 1. 13 Q. So what is – what is Ms. Hendrix 14 Q. So this is a – this is a series of 15 A She is asking me – so she – these 16 are – these are payments – typically we would 17 Kristi	Page 326 1 WATERHOUSE - 10-19-21	Page 32 ⁻¹ 1 WATERHOUSE - 10-19-21
3 agreement, to the best of your understanding, 4 in place as of December 31, 2020? 5 A. It was — twas terminated at some 6 point, and I remember the contracts had 7 different termination dates, but if hink the — 8 the date of termination was put in. 10 So year, it would be in place at the 11 end of the year of December -1 would be in 21 place at December -1 would be in 22 place at December -1 would be in 23 place at December -1 would be in 24 place at December -1 would be in 25 place at December -1 would be in 26 place at December -1 would be in 27 place at December -1 would be in 28 place at December -1 would be in 29 Q. And did it use those bank accounts 20 Q. And did it use those bank accounts 20 Det employees of the debtor have the 21 black place at December -1 would be in 20 place at December -1 would be in 21 Q. And did it use those bank accounts 21 Q. And did it use those bank accounts 22 Q. And did it use those bank accounts 23 place at December -1 would be in 24 Q. Would those have included accounting 25 perviews would be debtor have the 26 ability to acuse transfers to be made from 27 those bank account has place at the place at		
4 in place as of December 31, 2020? 5 A. It was – it was terminated at some 6 point, and I remember the contracts had 7 different termination dasks, but I think the – 8 the date of termination was put in. 9 2021, after the termination was put in. 10 So yeah, it would be in place at the 11 end of the year of December – throught be in in 11 2 place at December 31s, 2020. 12 place at December 31s, 2020. 13 (A. And you want to that agreement as of 13 to pay various of its obligations; Year of 14 December 31st, 2020, was the debtor providing 14 A. Yes. 15 Q. And did it use those bank accounts 16 to NexPoint, 1 would describe as back office services 17 A. Yes. 18 Q. Would those have included accounting 19 services? 19 A. Yes. 20 A. Yes. 20 A. Yes. 21 Q. And as part of those accounting 22 services, would the debtor have assisted 23 A. Yes. 24 MR. MORRIS: Objection to the form 25 of the question. 26 A. Yes. 27 A. Yes. 28 MR. MORRIS: Objection to the form 29 of the question. 29 A. Yes. 30 A. Yes. 40 Q. And the payments, through, whose 41 MR. MORRIS: Objection to the form 42 A. Yes. 43 A. Yes. 44 Q. And the payments, through, whose 45 A. From the bank account of NexPoint 46 A. From the bank account of NexPoint 47 Advisors. If they were NexPoint advisor 48 A. Yes. 49 Q. So what – 40 Q. So what – 40 Q. So what = — what is Nex Point 40 A. Yes. 40 Q. So what = — what is Nex Point 40 A. Yes. 41 C. So let's pull up Exhibit Alpha 1. 41 C. So let's pull up Exhibit Alpha 1. 41 C. So let's pull up Exhibit Alpha 1. 42 C. And what to work what NPA stood for? 43 A. Yes. 44 C. And what does it stand for? 45 A. Yes. 46 D. And what obes there Ms. Hendrix 46 A. Yes. 47 A. I manked. 48 A. Yes. 49 C. And what does it stand for? 40 Alose that, sir? 40 A. Yes. 40 C. And what does it stand for? 41 A. Yes. 41 A. Yes. 42 C. And what does it stand for? 42 A. Yes. 43 A. Yes. 44 C. And what does it stand for? 44 There was a well in December of 20x0 bits would be paid? 45 A. Yes. 46 C. And what does it stand for? 46 A. From the bank account of NexP		
5 A. It was — it was terminated at some 6 point, and I remember the contracts had 7 different termination dates, but I think the — 8 the date of termination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2021, after thermination was January 31 st of 9 2022, and did it use those bank accounts 21 December 31st, 2020, was the debtor providing 22 What you would describe as back office services 23 Next-Point with paying at the debtor providing 24 A Yes. 25 Q. Would those have included accounting 25 evervices, would the debtor have assisted 28 Next-Point with paying its bills? 29 A Yes. 20 Q. You arrowered yes? 21 Q. And as part of those accounting 22 would be paid? 23 Next-Point with paying its bills? 24 MR. MORRIS: Objection to the form of the question. 25 of the question. 26 Page 328 27 Page 328 28 Page 329 29 Q. You arrowered yes? 30 A Yes. 40 Q. And the payments, though, whose 4 A Yes. 41 Page 328 42 Page 328 43 Page 328 44 Page 328 45 Page 328 46 Page 328 47 Page 328 48 Page 328 49 Q. And what the payments, though, whose 5 Links with a the payments, though, whose 6 Links with a paying its bills with a paying its bi		·
6 point, and I remember the contracts had 7 of the question. 8 the date of termination vasts, but it think the — 8 the date of termination was put in. 9 2021, after the termination was put in. 10 So yeah, it would be in plea at the 11 place at December 1 would be in plea at the 12 place at December 1 would be in plea at the 13 place at December 1 would be in plea at the 14 place at December 1 would be in plea at the 15 place at December 1 would be in plea at the 16 place at December 1 would be in place at the 17 place at December 1 would be in place at the 18 place at December 1 would be in place at the 19 place at December 1 would be made from 10 place at December 1 would be made from 11 place at December 1 would be made from 12 place at December 1 would be made from 13 place at December 1 would be made from 14 place at December 1 would be made from 15 place at December 1 would be made from 16 place at December 1 would be made from 17 place at December 1 would be made from 1		
7 different termination dates, but I think the — 8 the date of termination was January 31st of 8 A. Yes. 9 2021, after the termination was January 31st of 9 2021, after the termination was January 31st of 9 2021, after the termination was January 31st of 10 Soyesh, it would be in place at the 10 NexPoint have its own bank accounts? 11 A. Yes. 12 place at December 31st, 2020. 13 Q. And pursuant to that agreement as of 12 place at December 31st, 2020, was the debtor providing 14 A. Yes. 15 December 31st, 2020, was the debtor providing 15 what you would describe as back office services 15 to NexPoint? 16 ability to cause transfers to be made from 17 throse bank accounts 19 place at December 31st, 2020, was the debtor provided of the Very 31st, 2020, was the debtor provided of the Very 31st, 2020, was the debtor provided of the Very 31st, 2020, was the debtor provided of the Very 31st, 2020, was the debtor provided of the Very 31st, 2020, was the debtor provided of the Very 31st, 2020, was the debtor provided of the Very 31st, 2020, was the debtor provided of the Very 31st, 2020, was the debtor provided of the Very 31st, 2020, was the debtor provided of the Very 31st, 2020, was the accounting 2 services. Would the debtor have assisted 20 debtor provided NexPoint, basically ensuring 21 that accounts payable and other obligations 2 would be paid? 3 A. Yes. 2 would be paid? 3 A. Yes. 3 A. Yes. 3 A. Yes. 4 MIR. MORRIS: Objection to the form of the question. 2 would be paid? 3 A. Yes. 4 The Very 31st, 2020, and was that how you all internally 3 A. Yes. 4 D. And the payments, though, whose 4 A. From the bank account of NexPoint 7 South and 15 A. Yes. 3 A. Yes. 4 D. And the payments, though, whose 5 MIR. Morris South 15 A. Yes. 1 D. You answered yes? 2 Q. And was that how you all internally 3 A. Yes. 4 D. And the payments, though the debtor form of the very 3 A. Yes. 4 D. And the payments, though the very 15 A. Yes 1 D. You answered yes? 5 Q. And she writ		
8 the date of termination was January 31st of 9 2021, after the termination was put in. 10 Soyesh, it would be in pace at the 11 no Are yes. 11 end of the year of December — it would be in 12 place at a December 31st, 2020. 13 Q. And pursuant to that agreement as of 13 to pay various of its obligations? 14 December 31st, 2020, was the debtor providing 14 A. Yes. 15 Q. And did it use those bank accounts 15 to A. Yes. 16 to NewPoint? 17 A. Yes. 18 Q. Would describe as back office services 16 to NewPoint? 19 A. Yes. 19 Services? 20 A. Yes. 20 A. Yes. 20 A. Yes. 20 A. Yes. 21 December 31st, 2020, was the debtor providing 14 A. Yes. 21 Services? 22 A. Yes. 23 A. Yes. 24 M.R. MORRIS: Objection to the form 25 fund the question. 25 Valve and the payments, though, whose 1 funds would they be made from NewPoint 4 paying is balls? 26 A. Yes. 27 And the payments, though, whose 1 funds would they be made from NewPoint 4 A. Yes. 28 A. Yes. 29 A. Yes. 20 A. Yes. 20 And the payments, though, whose 1 funds would they be made from NewPoint 4 A. Yes. 29 Advisors. If they were NewPoint advisor 2 funds would they be made from NewPoint 4 A. Yes, 1 do. 9 Advisors bank account for NewPoint 4 A. Yes. 30 Advisors if they were NewPoint advisor 2 funds would they be made from NewPoint 4 A. Yes. 31 The payments, though, whose 3 thing the bank account of NewPoint 4 A. Yes. 32 A. Yes. 33 A Highland refer to NewPoint Advisors, L.P.? 44 A. I. Team, yes, amongst other things. 55 funds would they be made from NewPoint 4 A. Yes, 1 do. 9 Advisors bank account of NewPoint 4 A. Yes, 1 do. 9 C. So what = would be paid? 56 cand be a fund and the payments, though, whose 4 A. I mean, yes, amongst other things. 57 A divisors. If they were NewPoint advisor 4 A. I mean, yes, amongst other things. 58 advisor's bank account of NewPoint 4 A. Yes, 1 do. 9 C. So what = would be paid? 59 Advisors if they be made from NewPoint 4 A. Yes, 1 do. 9 C. So what = would be paid? 50 A. Yes, 1 do. 9 C. So what = would be paid? 51 A. Yes, 1 do. 9 C. So what is a would have	•	
9 Q.O. (kay. And in December of 2020, did 10 NexPoint have its own bank accounts? 11 end of the year of December 4 would be in 12 place at December 31st, 2020. 13 Q. And usuant to that agreement as of 14 December 31st, 2020. was the debtor providing 15 what you would describe as back office services 16 to NexPoint? 17 A Yes. 18 Q. Would those have included accounting 19 services? 19 early services? 20 A Yes. 21 Q. And is that one of services fit the debtor have the 22 debtor provided NexPoint? 23 NexPoint with paying its bills? 24 A Yes. 25 envices, would the debtor have assisted 26 NexPoint with paying its bills? 27 what paying its bills? 28 NexPoint with paying its bills? 29 WATERHOUSE - 10-19-21 20 Q. You arswered yes? 21 WATERHOUSE - 10-19-21 21 Q. And the payments, though, whose 25 funds would they be made from? 26 A From the bank account of NexPoint? 27 Advisors. If they were NexPoint advisors 28 billipst in account. 29 Advisors brink account of NexPoint 29 Advisors brink account. 30 Q. So thist is a - this is a series of the debtor have the same and from 31 Q. And what to does it stand for? 32 NexPoint with paying its bills? 33 A Yes. 44 Q. And the payments, though, whose 45 (Q. And she writes at the bottom of her 46 A From the bank account of NexPoint 4 Advisors. If they were NexPoint advisor 5 Q. And she writes at the bottom of her 47 Explosions, it would be made from NexPoint 6 emait. Would have that – it is my Tab 1 or my 48 billipst in the debtor have accounts and the payments, though, whose 49 A Ves. 40 And the payments, though, whose 50 Linds would they be made from NexPoint 6 emait. Would have that – it is my Tab 1 or my 51 A A Yes. 52 Count and the payments, though the first page here, November 25, 2020, between 53 C. So what is – what is Ms. Hendrix 54 A Ido. 55 C. And what does it stand for? 55 C. And what does it stand for? 56 C. And what does it stand for? 57 Do you know what NPA stood for? 58 C. And what does it stand for? 59 C. And what does it stand for? 50 C. And what does it stand for?		•
So yeah, it would be in place at the end of the year of December - it would be in 11	•	
11 end of the year of December – it would be in 12 place at December 31st, 2020. 13 place at December 31st, 2020, was the debtor providing 14 A Yes. 15 December 31st, 2020, was the debtor providing 16 what you would describe as back office services 17 A Yes. 18 Q. Would those have included accounting 18 Services? 19 Q. And is that one of services that the 19 services? 20 A Yes. 21 Q. And as part of those accounting 22 services, would the debtor have assisted 23 NexPoint with paying its bills? 24 MR. MORRIS: Objection to the form 25 of the question. 26 MR. MORRIS: Objection to the form 27 of the question. 27 Q. You answered yes? 28 Q. And the payments, though, whose 29 funds would they be made from? 29 A Yes. 30 A Yes. 40 Q. And the payments, though, whose 51 Gunds would they be made from? 52 funds would they be made from? 53 A Yes. 40 Q. So this is a series of 40 Alvisors thank account of NexPoint 41 A Yes. 42 Alvisors. If they were NexPoint advisor 43 Alvisors. If they were NexPoint advisor 44 A Irmean, yes, amongst other things. 45 Collago and the factor on NexPoint 46 A From the bank account of NexPoint 47 Advisors thank account it is my Tab 1 or my 48 Advisors thank account. 49 Advisors thank account it is my Tab 1 or my 40 Q. So this is a -this is a series of 41 A Yes. 42 Cand do you see where Ms. Hendrix 43 Collago and this is the last kind of — 44 A Irmean, yes, amongst other things. 55 Q. And she writes at the bottom of her 56 and is would be made from NexPoint 57 Advisors. If they were NexPoint advisor 58 A Yes, I.do. 69 Q. So what is — what is Ms. Hendrix 69 A Yes, I.do. 70 Q. So this is a -this is a series of 69 A From the Payments—1 is my Tab 1 or my 60 A From the Payments—1 is my Tab 1 or my 61 A Freshill All marked.) 61 Gestion Alvisor and you see that, sir? 62 A Ido. 63 A Freshill All marked.) 64 A Irmean yes, amongst other things. 65 A She is asking me—5 so she—these 66 are—these are payments—typically we would the made from NexPoint the distribution of this date, 66 are—these are payments—typic	•	•
12 place at December 31st, 2020. 3	·	
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhibit 2F4 FRage 2500/2431 Page 172 of 200 PageID 35633

1	Page 330 WATERHOUSE - 10-19-21	1	Pag WATERHOUSE - 10-19-21	e 331
2	So she is – she is putting in all	2	Q. And did NexPoint rely on employees	
3	the payments for the week because we batch	3	of the debtor to ensure that NexPoint's	
4	payments weekly. And these are the payments	4	accounts payable were timely paid?	
5	that go out that week, and she is informing me	5	MR. MORRIS: Objection to the form	
l	•			
I _	of the payments and – you know, again, at the	6	of the question.	
7	bottom of the email, she is asking for my okay	7	A. Yes.	
8	to – to release these payments in the wire	8	MR. RUKAVINA: Let's flip to the	
9	system.	9	next page, Mr. Nguyen, if you will please	
10	Q. So these would be accounts payable	10	scroll to the next page.	
11	of NexPoint?	11	Q. So this is an email similar to the	
12	A. I mean, it would be accounts payable	12	prior one, November 30th.	
13	for all of these entities listed on this email.	13	Do you see where it says, NPA HCMFA,	
14	Q. And who was Ms. Hendrix employed by	14	USD \$325,000 one-day loan?	
15	in November and December of 2020?	15	Do you see that, sir?	
16	A. Highland Capital Management.	16	A. I do.	
17	Q. Okay. So – so part of the services	17	Q. Do you have any memory of what that	
18	that NexPoint had contracted with was for	18	was?	
19	Highland to ensure that NexPoint timely paid	19	A. I don't recall what that – what	
20	its accounts payable; is that accurate?	20	that payment was for.	
21	MR. MORRIS: Objection to the form	21	Q. Did it sometimes occur that one	
22	of the question. You have got to be	22	advisor would, on very short-terms, make loans	
23	kidding me.	23	to another advisor?	
24	Q. Is that accurate?	24	A. Yes. This this this occurred	
25	A. Yes.	25		
23	A. Tes.	25	from – from – from time to time. It actually	
1	Page 332 WATERHOUSE - 10-19-21	1	Pag WATERHOUSE - 10-19-21	e 333
2	looking at – I'm – I'm looking at the date of	2	A. Yes.	
3	this email. It is November 30th. It is the	3	Q. And that is probably the loan that	
Ι.	last day of the month.	4	was approved on the prior page?	
5		5	A. Yes, most likely.	
١.	HCMFA has obligations it needs to		•	
6	pay to its broker-dealer, which is HCFD. And	6	Q. So is it also true, sir, that in	
Ι.	it likely was short funds to make those		addition to accounts payable debtor employees	
8	obligations under that – under its agreement,		would be assisting NexPoint with respect to	
9	and so it provided a one-day loan because on	9	paying back its debt?	
10	the next business day on 12/1 or the next	10	MR. MORRIS: Objection to the form	
11				
I	business day in December, it would receive	11	of the question.	
12	business day in December, it would receive management fees from the underlying funds that	11 12	of the question. A. I mean, yes, for loans of this	
l	•		·	
12	management fees from the underlying funds that	12	A. I mean, yes, for loans of this	
12 13	management fees from the underlying funds that it managed and it would be able to pay back	12 13	A. I mean, yes, for loans of this nature, yes.	
12 13 14	management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So – so here Ms. Hendrix was	12 13 14	A. I mean, yes, for loans of thisnature, yes.Q. Well, what about long term loans?	
12 13 14 15	management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So – so here Ms. Hendrix was seeking your approval to transfer \$325,000 from	12 13 14 15	A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid	
12 13 14 15 16	management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So – so here Ms. Hendrix was seeking your approval to transfer \$325,000 from NexPoint to HCMFA for a one-day loan; is that	12 13 14 15 16 17	A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid its obligations under long-term notes?	
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1	Page 334 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 335
2 sp	pecifically but, yes, generally we – you		the debtor would have played any role in	
	now, we did do that.	3	NexPoint having made those prior payments?	
4	Q. So do you recall – and we can pull	4	MR. MORRIS: Objection to the form	
1	up, if need be – that under the NexPoint	5	of the question.	
1	ote that Mr. Morris asked you about earlier,	6	A. Yes.	
1	e one for more than \$30 million, that	7	Q. And what role in years prior to 2020	
1	exPoint was obligated to make an annual		would employees of the debtor have had with	
1	ayment of principal and interest?	9	respect to NexPoint making that annual payment?	
10	MR. MORRIS: Objection to the form	10	A. We – we – we would have – I keep	
11	of the question.	11	saying "we." The team would have calculated	
12	A. Yes, it was yes, it it was an	12	any amounts due under that loan and other	
l	mortizing note. It was you know, from what	13	loans, as – as standard course.	
l		14	We would – since we provided	
ı	ve reviewed earlier, it was payable by		•	
l	December 31st of each year. So – but are –	15	treasury services to the advisors, we would	
	re you asking me –	16	inform the – the – the – we informed	
17	Q. I'm just asking you, sir, if you ecall the note.	17	Mr. Dondero of any cash obligations that are	
		18	forthcoming, whether we do cash projections.	
19	A. Yes, the \$30 million note, yes, we	19	If, you know, any of these payments	
ı	eviewed it earlier, yes.	20	would have – or, you know, the sum total of	
21	Q. And do you recall Mr. Morris had you	21	all of these payments, including any note	
_	through the fact that NexPoint had made	22	payments, if there were any cash shortfalls, we	
	ayments in years prior to 2020 on that note?	23	would have informed Mr. Dondero of any cash	
24	A. Ido.	24	shortfalls. We could adequately plan, you	
25	Q. And do you believe that employees of	25	know, in instances like that.	
<u> </u>	Page 336			Page 337
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	Or, sorry, we – I say "we" – I	1	or accounting would have sent some schedule or	
	eep saying "we" – I keep wearing my – again,	١.	a reminder that a payment would be coming due	
	ny – my treasurer hat.	4	in the future. Is that generally the practice?	
5	But, yes, it is to – it is to	5	A. Yes, we would – you know, again, I	
	form Mr. Dondero of the obligations of the		didn't I didn't micromanage the teams, but	
	dvisors in terms of cash and obligations that		we had a – a corporate accounting calendar	
	re – are upcoming and that – and that are –		that we use as kind of a tickler file to keep	
	re scheduled to be paid.		track of payments.	
10	Q. And would those obligations that are	10	I actually, you know, don't know how	
	pcoming and scheduled to be paid prior to 2020	11	actively they're using that in – in prior to	
	ave incurred the annual payment on that	12	2020, but it was actively used at some point.	
	lexPoint \$30 million note?	13	We did look at NexPoint cash	
14	MS. DANDENEAU: Objection to form.	14	periodically and cash for the other advisors as	
15	MS. DEITSCH-PEREZ: Davor, I think	15	well and payments. You know, we - payments	
16	you misspoke. You might want to just	16	like this would have appeared in our cash	
17	repeat the question.	17	projections, in the advisor's cash projections.	
18	Q. Okay. Let me repeat the question,	18	And, again, as like I said earlier,	
19 si		19	they would have appeared there, so there would	
l			1 () 1 () 1: (0	
20	Prior to 2020, those services that	20	be time to plan for making any of these	
20 21 yo	Prior to 2020, those services that ou just described, would that – on behalf of	21	payments.	
20 21 yo	Prior to 2020, those services that			
20 21 yo 22 th	Prior to 2020, those services that ou just described, would that – on behalf of	21	payments.	
20 21 yo 22 th	Prior to 2020, those services that ou just described, would that — on behalf of ne debtor, would that have included NexPoint's	21 22	payments. Q. And based on your experience, would	

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Page 338 1 WATERHOUSE - 10-19-21	Page 339 1 WATERHOUSE - 10-19-21
2 promissory note?	2 it.
3 MR. MORRIS: Objection to form of	3 Q. Were you aware that Highland
4 the question.	4 accelerated that \$30 million promissory note?
5 MS. DANDENEAU: Objection to form.	5 A. I am aware.
6 A. Yes. Yes, they did. I mean, but I	6 Q. Were you aware of that acceleration
7 mean, but I don't think these – these notes	7 at the time that it occurred?
	8 A. I don't remember specifically.
1	. ,
9 Q. I understand, and I'm not suggesting	9 Q. Do you recall whether anyone asked
10 otherwise.	10 you – prior to the acceleration, anyone asked
11 MR. RUKAVINA: Please pull up Alpha	11 you at Highland, what Highland should do with
12 2, Mr. Nguyen.	12 respect to the missed payment?
13 (Exhibit A2 marked.)	13 A. Did anyone ask me what Highland
Q. Now, this document is similar to the	14 should do about the missed payment?
15 ones we've seen before as of December 31, 2020,	15 Q. Yes, before acceleration.
16 and I don't see under NTA anything there for	16 MR. MORRIS: Objection to the form
17 paying the promissory note to Highland.	17 of the question.
18 Do you see anything like that?	18 A. I mean, what – what I recall is
19 A. I do not.	19 there was the sorry, are you asking me
20 MR. RUKAVINA: You can pull that –	20 MS. DANDENEAU: Why don't you just
21 that exhibit down, Mr. Nguyen.	21 repeat the question, Mr. Rukavina.
22 Q. You are aware, of course, by now	22 Q. Let me try again, Mr. Waterhouse,
23 that, in fact, NexPoint failed to make the	23 let me try again.
24 payment due December 31, 2020, are you not?	24 I am saying you're the CFO of
25 A. I am aware, and yes, I do understand	25 someone, in this case, Highland, and the
Page 340	Page 341
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
borrower failed to make the required payment.	2 MS. DANDENEAU: Objection to the
3 Are you with me so far?	3 form of the question.
4 A. Iam.	4 A. I don't recall.
5 Q. Did anyone then ask you, what should	5 Q. Do you recall in early to mid
6 we do with respect to our rights against the	6 January of 2021, after the default, discussing
7 borrower that missed the payment?	7 the default with Mr. Dondero?
8 A. Not that I recall.	8 A. I do recall discussing with
9 Q. Did you play a role in the decision	9 Mr. Dondero after December 31, 2020?
10 to accelerate that \$30 million promissory note?	10 Q. Yes, the fact of the default.
11 A. I did not.	11 A. I don't recall.
12 Q. Do you recall whether Mr. Seery ever	12 MR. RUKAVINA: Let's pull up my
13 asked you before the acceleration as to whether	13 Exhibit 6, Alpha 6.
14 he should accelerate the note?	14 (Exhibit A6 marked.)
15 A. I don't recall.	15 MR. RUKAVINA: And, Mr. Nguyen, if
16 Q. And you don't recall when you	16 you will please scroll down.
17 learned of the acceleration itself?	17 Q. This email chain begins with you
18 MR. MORRIS: Objection to the form	18 writing to Ms. Hendrix on January the 12th:
19 of that question.	19 NexPoint note to HCMLP.
20 A. It was – it was sometime in	20 Do you see that, sir?
	21 A. Ido.
, , ,	
22 specifically.	22 Q. Were you discussing this same
23 Q. But do you recall whether it was	23 \$30 million note we're talking about right now
24 after the acceleration had already been	24 with Ms. Hendrix?
•	

1 WATERHOUSE - 10-19-21	Page 3 1 WATERHOUSE - 10-19-21
2 Q. Okay. Do you recall what prompted	2 December of 2020. He called me from home. He
3 you to send that email to her?	3 said he was in court. He wanted to – he asked
4 A. Yes, I had I had a conversation	4 about, you know, making payment on the note and
5 with Jim.	5 the amount, and so I didn't have those numbers
6 Q. Okay. And what – what did you	6 in front of me, so I said I would get back to
7 discuss with Jim that led to this email chain?	7 him. I wanted all the details, so here is
8 A. He – he called me and he said he	8 this – so I reached out to Kristin.
9 wanted to make payment on the NexPoint note,	9 Q. And then she gave you that
10 and I didn't I didn't know the the amount	10 \$1,406,000 figure?
11 offhand, so I reached out to Kristin and got	11 MR. RUKAVINA: Mr. Nguyen, if you
	12 will scroll up, please.
•	
Q. And you see you sent that email to	13 A. Yes. Yeah, she – the \$1,406,112.
4 her at 11:15 a.m. Does that help you remember	14 Q. And do you recall whether you
5 when you had this discussion with Mr. Dondero?	15 conveyed that amount to Mr. Dondero?
6 In other words, was it that morning or the day	16 A. Yes. I – I called him back and
7 before, or can you – can you –	17 gave him – gave him this amount.
8 A. No, it was – it was that morning.	18 Q. Are you aware of whether NexPoint,
9 Q. And do you recall how you had that	19 in fact, then made that 1 million 406 and
20 conversation with him?	20 change payment?
MR. MORRIS: Objection to the form	21 A. Yes, they did.
2 of the question.	22 Q. Did you discuss with Mr. Dondero at
23 Q. By telephone, by email, in-person?	23 that time, either the first conference or the
4 A. Yeah, he he called me. I was at	24 second conference that day – strike that.
25 home. We were working from home here in	25 When you conveyed the number to
to none. We work working norm to me have in	25 Which you convoyed the hamber to
Page 1 WATERHOUSE - 10-19-21	Page 3 1 WATERHOUSE - 10-19-21
2 Mr. Dondero, was was it also on January	2 A. No.
-	
3 12th?	3 Q. Did you tell him anything to the
4 A. Sorry, when I conveyed the	4 effect that making that payment would not cure
5 \$1.4 million number?	5 the default?
6 Q. Yes.	6 A. No.
7 A. Yes, yes, it was that – it was –	7 Q. Did you discuss that in any way with
8 Q. So you had –	8 him?
9 A. It was that point.	9 A. No, I did not.
0 Q. Well, to the best of your	10 Q. Did he say why he wanted to have
•	
•	11 that \$1.4 million payment made?
1 recollection, you had a conference with	11 that \$1.4 million payment made?12 MR. MORRIS: Objection to the form
 recollection, you had a conference with Mr. Dondero by the telephone in the morning, 	12 MR. MORRIS: Objection to the form
 recollection, you had a conference with Mr. Dondero by the telephone in the morning, and then another conference with him by 	12 MR. MORRIS: Objection to the form13 of the question.
 1 recollection, you had a conference with 2 Mr. Dondero by the telephone in the morning, 3 and then another conference with him by 4 telephone after 11:40 a.m. that morning? 	 12 MR. MORRIS: Objection to the form 13 of the question. 14 A. He – he – he didn't go into
 1 recollection, you had a conference with 2 Mr. Dondero by the telephone in the morning, 3 and then another conference with him by 4 telephone after 11:40 a.m. that morning? 5 A. Yeah, I can't remember – yeah, it 	 MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics.
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recollection, you had a conference with Mr. Dondero by the telephone in the morning, and then another conference with him by telephone after 11:40 a.m. that morning? A. Yeah, I can't remember – yeah, it was either that morning or it could have been, you know, early afternoon, but again, I	 MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics. Q. Did he say anything to you to the effect that if NexPoint makes that payment,
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X Docume Exhîtît FRage 299/2431 Page 176 of 200 PageID 35637

1	Page 346 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 347
2	either way; correct?	2	somehow	
3	A. Yeah, I don't remember. I don't	3	Q. Yes. Let me take a step back. Let	
4	remember us discussing that.	4	me take a step back.	
5	Q. Now – and we're almost done, I	5	So you are aware now that as a	
6	promise. I'm just going to — I don't know how	6	result of that default, what was still some	
7	to ask this question, so I'm just going to try	7	25-year note was accelerated and became	
8	to do my best.	8	immediately due. You are aware of that now;	
1	•			
9	Prior to the default on December 31,	9	right?	
10	2020, did Mr. Seery ever tell you any words to	10	A. Yes.	
11	the effect that you or someone at Highland	11	Q. And can you see how someone at	
12	should ensure that NexPoint doesn't make its	12	Highland might actually have been pleased with	
13	payment?	13	that development?	
14	A. No.	14	MR. MORRIS: Objection to the form.	
15	Q. Did you have any hint or any belief	15	Q. Not that they were — not that they	
16	that anyone at NexPoint – I'm sorry, strike	16	were pleased, but you can see how someone at	
17	that.	17	Highland might have been pleased with that	
18	Did you have any reason to believe	18	development?	
19	that anyone with Highland was actively trying	19	MR. MORRIS: Objection to the form	
20	to get NexPoint to make that default by not	20	of the question.	
21	paying on December 31?	21	MS. DANDENEAU: Object to form.	
22	MR. MORRIS: Objection to the form	22	A. I don't know how they would have	
23	of the question.	23	reacted to that.	
24	A. Are you asking, did any Highland	24	Q. Okay. But you're not – you're not	
25	employees actively work to make – to	25	aware of any instructions or any actions being	
	omployees delively work to make to		avial of ally monaction of ally actions boiling	
1	Page 348 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 349
1	given or taken at Highland by Mr. Seery, the	2	VIDEOGRAPHER: Do we want to go off	
3	independent board, DSI, that – that would have	3	the record?	
1	basically led Highland to ensure that NexPoint	4	MR. RUKAVINA: Yes.	
-	would fail to make that payment?		VIDEOGRAPHER: All right. We're	
Ι.		5	· ·	
6	A. I'm not aware.	6	going off the record at 6:27 p.m.	
7	Q. In other words, there wasn't a trick	7	(Recess taken 6:27 p.m. to 6:30 p.m.)	
Ι.	or a settlement; right?	8	VIDEOGRAPHER: We are back on the	
9	MS. DEITSCH-PEREZ: Objection to	9	record at 6:30 p.m.	
10	form.	10	MR. HORN: Is Deb back?	
11			MS. DANDENEAU: Are you asking about	
	MS. DANDENEAU: Object to form.	11	IVIS. DAINDENEAU. Are you asking about	
12	MS. DANDENEAU: Object to form. MR. MORRIS: Object to form.	11 12	me? I'm here.	
12 13			, c	
1	MR. MORRIS: Object to form.	12	me? I'm here.	
13	MR. MORRIS: Object to form. A. I'm not aware.	12 13	me? I'm here. MR. HORN: Oh, okay. I don't see	
13 14	MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in	12 13 14	me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry.	
13 14 15	MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just –	12 13 14 15	me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had –	
13 14 15 16 17	MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just — again, I'm sitting at home. It is the end of the year. Again, I'm not aware.	12 13 14 15 16 17	me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had — MS. DANDENEAU: Are you asking about	
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l	Page 350		Pa	age 351
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	going back on mute.	2	testified earlier, we provided that accounting	
3	MS. DANDENEAU: Get the right	3	finance treasury function as under the	
4	nomenclature.	4	shared services agreement. And so once I	
5	Q. Mr. Waterhouse, on January 12th,	5	got the I talked to Jim, got the approval to	
6	2021, when you had those talks with Mr. Dondero	6	make this payment, we have to then make the	
7	about the \$1.4 million payment, did you have a	7	payment, or the team does, and so the payment	
8	communication or a conversation with Mr. Seery	8	was made.	
9	about that payment after January 12th, 2021?	9	Q. Okay. But okay. And and	
10	A. I don't recall.	10	sitting here right now, after Jim called you,	
11	Q. Well, in response to Mr. Dondero	11	you don't remember talking to anyone other than	
12	reaching out to you, do you recall on that day,	12	the – the couple of people you mentioned,	
13	January 12th, talking to Mr. Seery or anyone at	13	talking to anyone about something to the effect	
14	Highland other than the email chain we just saw	14	that, hey, Jim wants to make this payment now?	
15	about Mr. Dondero's call with you?	15	MR. MORRIS: Objection to the form	
16	A. Did I talk to – I spoke with	16	of the question.	
17	Kristin – I don't know if I spoke to her. I	17	A. I don't – I don't recall.	
18	likely spoke to Kristin Hendrix because we had	18	Q. And does that include legal counsel?	
19	to get the wire on NexPoint's behalf to make	19	Without going into any detail, on	
20	the payment to Highland.	20	January 12th or before that payment was made,	
21	Q. So it is true, then, that – that	21	did you consult with legal counsel about	
22	employees of the debtor did actually cause that	22	anything having to do with the \$1.4 million	
23	payment to be made when it was made after	23	payment?	
24	January 12th?	24	A. I don't recall.	
25	A. Yes, I mean, we – we – as I	25	Q. Okay. Thank you, sir, for your	
	Page 352		De	
			Го	age 353
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	age 353
		1 2		age 353
	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness.	_	WATERHOUSE - 10-19-21	age 353
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	Page 354 WATERHOUSE - 10-19-21	1	Page 3 WATERHOUSE - 10-19-21
2	What kinds of services did Highland	2	this, their HR services as well.
3	provide to HCRE?	3	Q. Okay. And did that include bill
4	MR. MORRIS: Objection to the form	4	paying?
5	of the question.	5	MR. MORRIS: Objection to the form
6	A. HCMS, Highland employees provided	6	of the question.
7	accounting services, treasury management	7	Q. Did the services that HCM provided
8	services, potentially legal services. I	8	to HCMS include bill paying?
9	don't – but I wouldn't have been directly	9	MR. MORRIS: Objection to the form
10	involved in that. But as far as the teams that	10	of the question.
11	I manage, it was accounting, treasury, things	11	A. Yes.
	of that nature.	12	Q. And did the services that HCMLP
13	Q. Okay. And that was for HCM, LLP –	13	provided to HCMS include scheduling upcoming
14	A. And – and, sorry, it would also be	14	bills?
15	any asset valuation if needed as well.	15	MR. MORRIS: Objection to the form
16	Q. Okay. We went back and forth on	16	of the question.
	•	17	A. Yes.
17	each other and I apologize, so just to clarify.		
18	You were talking about the services	18	Q. And did HCMLP regularly pay – cause
19	that Highland Capital Management provided to	19	to be paid the payments on loans HCMS had from
20	HCMS; is that right?	20	HCMLP?
21	A. HCMS. So, again, yes. And	21	MR. MORRIS: Objection to the form
22	accounting, treasury, valuation, and also tax	22	of the question.
23	services too.	23	A. Yes.
24	Q. Okay.	24	Q. Typically – if there is a
25	A. Tax services. Look, I'm expanding	25	typically, how far in advance of due dates did
_	Page 356		Page 3
1	WATERHOUSE - 10-19-21 HCMLP cause HCMS to pay its bills?	1	WATERHOUSE - 10-19-21
2	HUMI P CAUSE HUMS TO DAVITS DILLS?	2	O Okay Ara laan naymanta tha kinda
3		2	Q. Okay. Are loan payments the kinds
4	MR. MORRIS: Objection to the form	3	of thing that HCMLP would pay on time because
4	MR. MORRIS: Objection to the form of the question.	3 4	of thing that HCMLP would pay on time because of potential consequences of not paying on
5	MR. MORRIS: Objection to the form of the question. A. I mean, it – it – it depend – it	3 4 5	of thing that HCMLP would pay on time because of potential consequences of not paying on time?
5 6	MR. MORRIS: Objection to the form of the question. A. I mean, it – it – it depend – it depended on the nature of the payment and the	3 4 5 6	of thing that HCMLP would pay on time because of potential consequences of not paying on time? MR. MORRIS: Objection to the form
5 6 7	MR. MORRIS: Objection to the form of the question. A. I mean, it – it – it depend – it depended on the nature of the payment and the vendor, but, you know, if there were – if	3 4 5 6 7	of thing that HCMLP would pay on time because of potential consequences of not paying on time? MR. MORRIS: Objection to the form of the question.
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Case 5.21-CV-00001-A DUCUITIE MALIIDIRALIA FIN	
Page 358 1 WATERHOUSE - 10-19-21	Page 359 1 WATERHOUSE - 10-19-21
2 services.	2 loan payment that was due from HCMS to HCMLP in
3 Q. Can you describe the accounting and	3 December of 2020?
4 treasury services that HCMLP provided for HCRE?	4 MR. MORRIS: Objection to the form
5 A. Yeah, it – it would provide	5 of the question.
6 bookkeeping services on a – on a periodic	6 A. I don't believe that payment –
7 basis. It would make payments, you know, as	7 payment was made.
8 needed.	8 Q. Okay. And when HCMLP caused HCMS in
9 Q. Okay. So did it provide –	9 the past to make loan payments, whose money did
10 A. And – and I believe it – it – it	10 it use to make those payments?
11 provided tax services as well.	11 MR. MORRIS: Objection to the form
12 Q. Okay. And so did it provide the	12 of the question.
13 same kind of bill did HCMLP provide the same	
· · · · · · · · · · · · · · · · · · ·	,
14 kind of bill-paying services for HCRE that it	14 operating account would be made to that –
15 provided for HCMS and NexPoint?	15 those moneys would be used to make payment to
16 MR. MORRIS: Objection to the form	16 Highland Capital Management.
17 of the question.	17 Q. Okay. And Highland – is it correct
18 A. Yes.	18 that Highland Capital Management personnel had
19 Q. And over the course of time, did	19 the access to HCMS's accounts to be able to
20 HCMLP generally cause to be made the loan	20 cause such payments to be made?
21 payments that HCRE owed to HCMLP?	21 A. Yes, Highland personnel had access
22 MR. MORRIS: Objection to the form	22 to those accounts.
23 of the question.	23 Q. Okay. And so now for HCRE, whose
24 A. Yes.	24 money was used when HCMLP caused HCRE
25 Q. Did HCMLP make loan payment – the	25 payments – loan payments to Highland to be
Page 360	Page 361
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
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1	Page 362 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 363
2	A. I believe the HCRE payment was made	2	believe I'm an authorized signer. So I	
3	in January of 2021. I don't recall any	3	can't – other personnel have to make payment	
4	payments being made from HCMS to Highland.	4	from HCRE to – to – to Highland.	
5	Q. If it – how is it the HCRE payment	5	Q. Okay. And in the conversation	
6	came to be made? Why did you make it – why	6	that – that you had with Mr. Dondero when he	
7	did HCM make the payment in January of 2021?	7	requested the payment to be made, did you say	
8	A. Jim – Jim called me and instructed	8	to him words to the effect, Jim, this loan is	
9	me to – to make the payment on behalf of HCRE,	9	going to stay in default, what are you making	
10	Jim Dondero – Jim Dondero.	10	the payment for, anything like that?	
11	Q. Did he seem upset that – that the	11	A. No.	
12	payment had not been made?	12	Q. In fact, did you have the impression	
13	A. Yeah. On the note that was, you	13	from him that he thought that the loan would	
14	know, that was the term note, yes, he – he was	14	be the default would be cured by making the	
1	•		, ,	
15	displeased that the – that the payment had not	15 16	payment?	
16	been made by year-end.		MR. MORRIS: Objection to the form	
17	Q. Okay. And did you make the – cause	17	of the question.	
18	the payment to be made as – as requested? A. Yes.	18	A. Did I get the impression from Jim	
19		19	Dondero that the loan would be cured if the	
20	Q. And did anyone else from HCM	20	payment from HCRE	
21	participate with you in causing the payment to	21	Q. Yeah, if that is what he thought.	
22	be made to on the HCRE loan?	22	MR. MORRIS: Objection to the form	
23	A. Yes. It would have been Kristin	23	of the question.	
1	Hendrix. I again, I don't as I testified	24	A. I didn't get any impression from him	
25	earlier, I'm not an officer of HCRE. I don't	25	on that at the time.	
	Page 364			Page 365
1 1	MATERIALISE 40 40 24	1	WATER IOUE 40 40 94	. 3
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	3,000
2	Q. Do you know whether there was an	2	January of 2021, do you think it was part of	
2 3	Q. Do you know whether there was an HCMS term loan that had a payment due in	2	January of 2021, do you think it was part of the same conversation where Jim Dondero said,	
2 3 4	Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020?	2 3 4	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make	
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1	Page 366 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	ge 367
2	time that you and Mr. Dondero were	2	of the question.	
3	communicating about potential means of	3	A. Yes, we did have that conversation.	
4	resolving the Highland bankruptcy by what was	4	Q. Okay. Was that conversation in	
5	colloquially referred to as a pot plan?	5	connection with trying to figure out the right	
6	A. Yes.	6	numbers for a pot plan?	
7	Q. Okay. And can you tell me generally	7	A. Yeah. I mean, it was – it was – I	
8	when that was?	8	mean, Jim — Jim would ask for, you know,	
9	A. Like mid – mid 2020, sometime in	9	most – most recent asset values, you know, for	
10	2020, mid 2020.	10	Highland, and – and myself and the team	
11	Q. Okay. And did the process of trying	11	provided those to him, so it was in that	
12	to figure out what the numbers should be	12	context.	
13	•	13		
	involve looking at what one should pay for the		Q. Okay. And does that refresh your	
14 15	Highland assets?	14	recollection that these communications were in	
15	MR. MORRIS: Objection to the form	15	2020 rather than 2021?	
16	of the question.	16	MR. MORRIS: Objection to the form	
17	A. Yes.	17	of the question.	
18	Q. Okay. And did there come a time	18	A. The – the – the executive	
19	when you were proposing some potential numbers	19	compensation discussions were definitely in	
20	and Mr. Dondero said something to you like,	20	2020.	
21	well, why are you including payment for the	21	Q. Okay. Now, did you ever make	
22	related party notes, those, you know, were	22	proposals that took into account Jim's comment	
23	likely to be forgiven as part of my deferred	23	that the notes were likely to end up forgiven	
24	executive compensation?	24	as part of his compensation?	
25	MR. MORRIS: Objection to the form	25	MR. MORRIS: Objection to the form	
	Page 368			ge 369
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	of the question.		you knew of the practice of giving forgivable	
3	A. Yes, we – the team and myself put	3	loans to executives.	
4	together, you know, asset summaries of Highland	4	MR. MORRIS: Objection to the form	
5	at various times for all the assets of	5	of the question.	
6	Highland, and not including the notes.	6	Q. Can you – can you tell me what you	
7	Q. Okay. And were those presentations		recall about that practice?	
8	communicated to to Mr. Seery?	8	MR. MORRIS: Objection to the form	
9	A. No. Well, look, I didn't tell I		of the question.	
-		9	·	
	didn't tell Mr. Seery. I don't know what	10	A. Yes, so there were – there were –	
10 11			A. Yes, so there were – there were – during my tenure at Highland, there were loans	
10 11	didn't tell Mr. Seery. I don't know what	10	A. Yes, so there were — there were — during my tenure at Highland, there were loans or — given to employees that were later	
10 11 12	didn't tell Mr. Seery. I don't know what Mr. Dondero did with the information.	10 11	A. Yes, so there were – there were – during my tenure at Highland, there were loans	
10 11 12 13	didn't tell Mr. Seery. I don't know what Mr. Dondero did with the information. Q. Okay.	10 11 12	A. Yes, so there were — there were — during my tenure at Highland, there were loans or — given to employees that were later	
10 11 12 13 14	didn't tell Mr. Seery. I don't know what Mr. Dondero did with the information. Q. Okay. A. I did not have conversations with	10 11 12 13	A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say	
10 11 12 13 14 15	didn't tell Mr. Seery. I don't know what Mr. Dondero did with the information. Q. Okay. A. I did not have conversations with Mr. Seery.	10 11 12 13 14	A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were	
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1	Page 370 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 371
2	concerned?	2	of the question.	
3	MR. MORRIS: Objection to the form	3	A. Yes. I mean, yes, that – there	
4	of the question.	4	are. And that is – yes.	
5	A. Yes, similar to – yes.	5	Q. Okay. And is it typical accounting	
6	Q. Okay. You were going to say similar	6	practice that until there is some certainty	
7	to what?	7	about those potential future events, that asset	
8	A. Mr. Morris earlier today showed	8	value listed on – on the books doesn't take	
9	notes of the financial statements about various	9	into account those potential future events?	
10	affiliate loans. I – I – I do recall these	10	MR. MORRIS: Objection to the form	
11	notes because I – at that time personally	11	of the question.	
12		12	A. Yeah, if those – yes. If – if	
13	Highland. That was, you know, in my role as a	13	those future events, you know, at the time of	
14	corporate accountant.	14	issuance are not known or knowable, like I	
15	And there were – those loans	15	discussed earlier with, like, market practice,	
16		16	asset dislocation, or, you know, I mean, things	
17		17	like that, you – I mean, it – it could affect	
	what we went through earlier today in the prior	18	its fair value	
19	testimony about what we saw with Highland	19	Q. Okay.	
20	and – and – and the – and HCMFA.	20	A. — in the future.	
21	Q. Is it fair to say that on Highland's	21	Q. And am I correct you wouldn't feel	
22	balance sheet there were any number of assets	22	compelled to footnote in every possible change	
	•			
23	•	23	in – in an asset when those possibilities are still remote?	
	subsequent events?			
25	MR. MORRIS: Objection to the form	25	MR. MORRIS: Objection to the form	
1	Page 372 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 373
2	of the question.	_	have been better prepared for this deposition	
3		3	if the debtor had complied with those requests?	
	A. The accounting standard is you have to estimate to the best – you know, to – to	١.		
4	·	4	MR. MORRIS: Objection to the form	
5	the best of your ability, the fair value of an	5	of the question.	
6	asset as of the balance sheet date under –	6	A. I – I – I most certainly – yes.	
	under GAAP.		I mean, again, these are multiple years,	
8	Q. Did – strike that.	8	multiple years ago, lots and lots of	
9	Okay. Give me a minute. I'm	9	transactions.	
10	close – I'm close to done. Let me just go off	10	You know, we asked about NAV errors	
11	and look at my notes for a second. So take two	11	and, you know, things like that and these	
12		12	are – it would make this process a lot more –	
13	VIDEOGRAPHER: We're going off the	13	a lot easier and if we had – if we had access	
14	record at 7:02 p.m.	14	to that.	
4-	11 400000 TOKON (111 4 D M to /112 D M)	15	Q. Okay. And has the debtor – is the	
	(Recess taken 7:02 p.m. to 7:03 p.m.)	100	debtor suing you right now?	
16	VIDEOGRAPHER: We are back on the	16	A	
16 17	VIDEOGRAPHER: We are back on the record at 7:03 p.m.	17	A. Yes.	
16 17 18	VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your	17 18	Q. And is the debtor trying to renege	
16 17 18 19	VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your understanding that people you work with now	17 18 19	Q. And is the debtor trying to renege on deals that it had previously made with you?	
16 17 18 19 20	VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your understanding that people you work with now have been asking the debtor for full and	17 18 19 20	Q. And is the debtor trying to renegeon deals that it had previously made with you?MR. MORRIS: Objection to the form	
16 17 18 19 20 21	VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your understanding that people you work with now have been asking the debtor for full and unfetterred access to their own former files?	17 18 19 20 21	Q. And is the debtor trying to renegeon deals that it had previously made with you?MR. MORRIS: Objection to the form of the question.	
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1	Page 374 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 375
2	Is that – I don't know the	2	is that correct?	
3	relationship. So, again, I'm not the lawyers.	3	MR. MORRIS: Objection to the form	
4	I've said many times. But my understanding is	4	of the question.	
5	the litigation trust is suing me. I could be	5	A. I want to be yes, I there	
6	wrong there. I don't know.	6	is - I'm being sued, again, on on something	
7	Q. Okay. I understand.	7	that was agreed to with Mr. Seery and myself.	
8	Someone with some connection to the	8	I don't – I don't – I don't own that claim.	
9	Highland debtor has brought a claim against	9	Q. Okay.	
10	you; is that fair?	10	A. To be transparent, I don't own that	
11	MR. MORRIS: Objection to the form	11	claim. So it is not my personal property.	
12	of the question.	12	Q. Okay.	
13	A. Yes.	13	A. And – and being the nonlawyer, I	
14	Q. Okay. And is there also some motion	14	don't know how I can get sued for something	
15	practice in the bankruptcy where the debtor or	15	that I don't owe or, like, I don't own	
16	someone associated with the debtor is	16	anything. I'm not the lawyer. But, I mean, if	
17	attempting to undo something that was	17	that is – if I'm understanding the facts	
18	previously resolved with you?	18	correctly.	
19	A. Yes.	19	Q. Okay. And the lawsuit that was	
20	Q. And so in one action somebody is	20	filed that names you, that was just filed	
21	associated with the debtors trying to –	21	this – this past week; is that right?	
22	threatening you with trying to take money from	22	MS. DANDENEAU: Ms. Deitsch-Perez, I	
23	you, and then in the other – and trying to –	23	do want to interrupt at this point because	
	and in the other they are threatening not to	24	just as I told Mr. Morris, that this is a	
25	pay you things that had previously been agreed;	25	deposition about the noticed litigation.	
	Page 376			Page 377
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Ü
2	I really don't want to go – go	2	life at Skyview.	
3	afield –	3	MS. DEITSCH-PEREZ: Thank you.	
4	MS. DEITSCH-PEREZ: Yeah.	4	THE WITNESS: Thank you.	
5	MS. DANDENEAU: - and open up a	5	FURTHER EXAMINATION	
6	whole new line of inquiry about the lawsuit	6	BY MR. MORRIS:	
7	or the – the motion and the bankruptcy	7	Q. If I may, I just have a few	
8	court. We will be here all night.	8	questions.	
9	MS. DEITSCH-PEREZ: And I		Mr. Waterhouse, we saw a number of	
40	IVIO. DELITOCH-PEREZ. ALIUT	9	IVII. VValeniouse, we saw a number of	
10	understand.	9	documents that Mr. Rukavina put up on the	
		-		
11	understand.	10	documents that Mr. Rukavina put up on the	
11 12	understand. Q. My – my point is: Do you feel	10 11	documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a	
11 12	understand. Q. My – my point is: Do you feel like – like there is some effort by these	10 11 12	documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of	
11 12 13	understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate	10 11 12 13	documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates.	
11 12 13 14	understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are	10 11 12 13 14	documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that?	
11 12 13 14 15	understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't.	10 11 12 13 14 15	documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes.	
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Page 378	Page 379
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 Q. And I think you said that there was	2 deadlines.
3 a-a-	3 I don't know how, as I testified
4 A. It was – I think I testified to	4 earlier, how much they were using that
5 this earlier when we talked about procedures	5 calendar.
6 and policy, you know, again, I want to be	6 Q. Okay. But – but you did get notice
7 informed of – of – of – of any	7 and a request to approve the payments that were
8 payments that are going out. I want to be made	8 coming due on behalf of Highland's affiliates.
9 aware of these payments, and that was just a	9 Do I have that right?
10 general policy, not just for 2020.	10 MS. DANDENEAU: Objection to form.
11 Q. Okay. So it went beyond 2020?	11 A. I mean, generally, yes. I mean, you
12 A. Yes.	12 know, as we saw with these emails, generally, I
13 Q. Is that right?	13 mean, did that encompass everything, no.
14 A. Yes.	14 Q. Okay. Do you know why the
15 Q. Okay. And the corporate accounting	15 payment – do you know why there was no payment
16 group would prepare a calendar that would set	16 made by NexPoint at the end of 2020?
17 forth all of the payments that were anticipated	17 A. Yes. There was – there was – we
18 in the – in the three weeks ahead; is that	18 talked about these agreements between the
19 right?	19 advisors and Highland, the shared services and
20 A. I – like I testified earlier, we	20 the cost reimbursement agreement.
21 had a corporate calendar that was set up, you	21 And in late 2020, there were
22 know, to – to provide reminders or, you know,	22 overpayments, large overpayments that had been
23 of anything of any nature, whether it is	23 made over the years on these agreements, and it
24 payments or – or financial statements or, you	24 was my understanding that the advisors were –
25 know, whatever it is, you know, to meet	25 were talking with – like Jim Seery and others
-	
Page 380	Page 381
I 1 WΔTERHOUSE - 10-10-21	1 WATERHOUSE - 10-10-21
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors	1 WATERHOUSE - 10-19-21 2 A No The advisors the advisors
2 to offset any obligations that the advisors	2 A. No. The advisors – the advisors
2 to offset any obligations that the advisors3 owed to Highland as offset to the overpayments	2 A. No. The advisors – the advisors3 had stopped making payments prior to that
 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 	 2 A. No. The advisors – the advisors 3 had stopped making payments prior to that 4 notice.
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Page 382	Page 383
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 employees to make that payment?	2 so I mean, until those negotiations were
3 Q. Correct.	3 resolved, you know, there wasn't any
4 A. Anyone – not that I'm aware.	4 payments – there weren't any payments.
5 Q. Were any of Highland's employees	5 Q. And – and there were no payments
6 authorized to make the payments on behalf of	6 until the negotiations were resolved because
7 its affiliates – withdrawn.	7 that was the directive that you received from
8 Was any of Highland's employees	8 Mr. Dondero; correct?
9 authorized to effectuate the payment on behalf	9 A. I don't think he said – I mean, I
10 of NexPoint that was due at the end of the year	10 think – yeah, I mean – I'm trying to recall
11 without getting approval from either you or	11 the conversation. It was – you know, there
12 Mr. Dondero?	12 is – there is these negotiations. There's –
13 A. They had the – they had the ability	13 there needs to be these offsets. They're
14 to make the payment, but they didn't – you	14 talking with the debtor. So, you know, until
15 know, that – that payment needed to be	15 this is resolved, right, I mean, depending on
16 approved.	16 how, whatever that resolution was, were we to
17 Q. Okay. And it needed to be approved	17 take any action.
18 by you or Mr. Dondero; is that right?	18 Q. Okay. How about with respect to
19 A. I mean, I'm not going to make the	19 HCMS, did HCMS have a term payment due at the
20 unilateral decision.	20 end of the year?
21 Q. Is that a decision that you	21 A. Again, I don't I don't recall.
22 understood had to be made by Mr. Dondero?	22 Q. Okay. You discussed briefly two
23 A. Yes. Sitting back in December of	23 payments that were made in January of 2021, one
24 2020, the – that – there was this off –	24 on behalf of NexPoint, and one on behalf of
25 offset negotiation that – that was happening,	25 HCMS. Do I have that right?
Page 384	Page 385
Page 384 1 WATERHOUSE - 10-19-21	Page 385 1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were	1 WATERHOUSE - 10-19-21 2 let me try again.
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Page 386	Page 387
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 the insurance claim made under HCMFA's policy?	A. I mean, generally, yes. You know,
3 A. Yes.	3 we were asked to provide asset values, right,
4 Q. Did HCMFA at any time prior to the	4 and he was having settlement discussions.
5 petition date – withdrawn.	5 Again, I don't know who those went to
6 You were asked a couple of questions	6 ultimately. I don't recall.
7 where – where you said that Mr. Dondero told	7 MR. MORRIS: I have no further
8 you that he was ascribing zero value to the	8 questions. Thank you very much for your
9 notes as part of a pot plan because he believed	9 patience. I apologize for the late hour.
10 that the notes were part of executive	10 MS. DEITSCH-PEREZ: John, you stay
11 compensation.	11 on about your email when –
12 Do I have that right?	12 MR. RUKAVINA: Hold on, I'm not
13 MS. DEITSCH-PEREZ: Object to the	13 done.
14 form.	14 MS. DEITSCH-PEREZ: Oh, okay. Davor
15 A. Yes.	15 still has questions. Sorry. I was going
16 Q. Okay. Have you ever heard that	16 to say both John and Davor, could you stay
17 before the time that Mr. Dondero told you that	17 on afterwards just to talk about the
18 in the conversation about the pot plan?	18 requests.
19 A. Had I heard that prior to my	19 FURTHER EXAMINATION
20 conversation with Mr. Dondero?	20 BY MR. RUKAVINA:
21 Q. Yes.	21 Q. Mr. Waterhouse, you were just now
22 A. No, I had not heard that prior.	22 testifying about a discussion you had with
23 Q. Okay. And that was in the context	23 Mr. Dondero where he said something like no
24 of his formulation of the settlement proposal;	24 more payments.
25 is that right?	Do you remember that testimony?
Page 388	Page 389 1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
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Page 390	Page 391
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2 Q. Is it fair to say he was upset?	2 word "NexPoint" when he was saying don't make
3 A. Yes.	3 these payments?
4 Q. Did Mr. Dondero ever expressly tell	4 MR. MORRIS: Objection to the form
5 you to not have NexPoint make the required	5 of the question, asked and answered.
6 December 31, 2020, payment?	6 A. Yeah, we were we were discussing
7 A. Yes, I recall him saying don't make	7 advisor obligations. So it was – you know, it
8 the payment because it was being negotiated, as	8 was just obligations from the advisors.
9 I discussed with Mr. Morris, this offset	9 And and he specifically talked
10 concept. So there were obligations due by the	10 about the NexPoint payment as well.
11 advisors to Highland, they should be offset	11 Q. Okay. And it is your testimony that
12 that – you know, those obligations should be	12 he expressly told you not to make that NexPoint
13 offset by this – by this overpayment.	13 December 31 payment?
14 Q. And when did he tell you that?	14 MR. MORRIS: Objection, asked and
15 A. I would say – I would say around –	15 answered twice.
16 probably December – December-ish.	16 A. Yes, he – he did, during that
17 Q. Early December, late December?	17 conversation.
18 A. I don't recall with as much	18 Q. And did you ever follow up with him
19 specificity as – as – as – as stopping the	19 after that about whether NexPoint should or
20 shared services payments, because we had	20 shouldn't make that payment?
21 actually made one shared services payment in	21 A. I did not.
22 November. So that is why I need to remember	22 Q. Did you ever, on or about
23 that one more clearly. I don't remember where	23 December 31, 2020, remind him and say, hey,
24 exactly in December that conversation occurred.	24 this payment is due, what shall I – what
25 Q. Did Mr. Dondero expressly use the	25 should I do?
Q. Did Wil. Dolladio expressiy ase the	25 Should Fdo:
Page 392	Page 393
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 A. I did not.	1 WATERHOUSE - 10-19-21 2 on your cell phone of when that conversation
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Case 21-03004-sgj Doc 111-14 Filed 01/06/22 Entered 01/06/22 11:03:25 Desc Case 3:21-cv-00881-X DocumeExtilibit-18 Frage0101901431Page 188 of 200 PageID 35649

1	Page 394			Page 395
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	A. Yes, I don't recall having	2	Thank you, Mr. Waterhouse. We appreciate	
3	conversations about, you know, those – those	3	your time. I am logging off the discussion	
4	entities.	4	and I will talk to y'all tomorrow.	
5	Q. And, in fact, what was the tone that	5	MR. MORRIS: Super.	
6	Mr. Dondero had when he talked to you about the	6	VIDEOGRAPHER: If there are no	
7	fact that HCRE and HCMS payments hadn't been	7	further questions, this ends the	
8	made when he found out that they hadn't been	8	deposition – excuse me. This ends the	
9	paid?	9	deposition, and we are going off the record	
10	MS. DANDENEAU: Objection to form.	10	at 7:30 p.m.	
11	MR. MORRIS: Objection to form.	11	(Deposition concluded at 7:30 p.m.)	
12	Q. What was the tone he took with you?	12	(Deposition concluded at 7.00 p.m.)	
13	A. Oh, it was – it was – it	13		
Ι		14	FRANK WATERHOUSE	
14	was very negative. I mean, I think he cursed	15	FRANK WATERFIOUSE	
15	at me and he doesn't usually curse.		Cultivation and and account to be form the	
16	Q. Okay. And in your mind, is that	16	Subscribed and sworn to before me	
17	consistent with the fact that he was surprised	17	this day of 2021.	
18	that those payments hadn't been made?	18		
19	MR. MORRIS: Objection to the form	19		
20	of the question.	20		
21	A. Yes.	21		
22	Q. Okay. Thank you.	22		
23	MR. MORRIS: I have nothing further.	23		
24	Thank you so much, Mr. Waterhouse.	24		
25	MR. HORN: I have no questions.	25		
\vdash	Page 396			Page 397
1	Page 396 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 397
1 2			WATERHOUSE - 10-19-21 NAME OF CASE: In re: Highland Capital	Page 397
1	WATERHOUSE - 10-19-21			Page 397
2	WATERHOUSE - 10-19-21	2	NAME OF CASE: In re: Highland Capital	Page 397
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2 3 4 5	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand	2 3 4	NAME OF CASE: In re: Highland Capital DATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse	Page 397
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Index: \$1,406,000..2

	287:15 288:6,20	129:1 130:1 131:1	297:1 298:1 299:1	12/31 6:8
\$	303:6,18,24 304:11,	132:1 133:1 134:1	300:1 301:1 302:1	
· .	20 305:23 306:2	135:1 136:1 137:1	303:1 304:1 305:1	12/31/18 117:12
\$1,406,000 343:10	307:7 308:20 310:17	138:1 139:1 140:1	306:1 307:1 308:1	122:12 135:21
	317:6 318:14	141:1 142:1 143:1	309:1 310:1 311:1	261:22
\$1,406,112 343:13	\$7.8 278:6,7	144:1 145:1 146:1	312:1 313:1 314:1	12/31/19 219:16
\$1.04 109:15		147:1 148:1 149:1	315:1 316:1 317:1	12/31/2018 93:15
\$1.4 344:5 345:11	\$8 277:16	150:1 151:1 152:1	318:1 319:1 320:1	
350:7 351:22		153:1 154:1 155:1 156:1 157:1 158:1	321:1 322:1 323:1 324:1 325:1 326:1	12/31/2019 260:13
	1	159:1 160:1 161:1	327:1 328:1 329:1	12/31/2020 361:15
\$1.5 223:17		162:1 163:1 164:1	330:1 331:1 332:1	12th 341:18 344:3
\$1.7 92:22	1 8:9 35:17 139:22	165:1 166:1 167:1	333:1 334:1 335:1	350:5,9,13,24 351:20
\$10 389:13	140:12,13 215:25	168:1 169:1 170:1	336:1 337:1 338:1	
	216:3,7,12 238:8	171:1 172:1 173:1	339:1 340:1 341:1	135 6:2
\$10.5 308:16	260:20,23 261:15	174:1 175:1 176:1	342:1 343:1 344:1	14-ish 286:21
\$12.7 311:2 317:10	328:10,11,12 343:19	177:1 178:1 179:1	345:1 346:1 347:1	142 5:15
	1/12 6:9	180:1 181:1 182:1	348:1 349:1 350:1	142 5.15
\$13 310:23	10 5:6 107:4 7 0 15	183:1 184:1 185:1	351:1 352:1 353:1	15 73:3 200:4 202:13,
\$14 389:14	10 5:6 197:4,7,9,15 198:2 266:20 267:3	186:1 187:1 188:1	354:1 355:1 356:1	23 203:3 210:6
\$150 239:10	302:7	189:1 190:1 191:1 192:1 193:1 194:1	357:1 358:1 359:1 360:1 361:1 362:1	213:18 221:23
		195:1 196:1 197:1	363:1 364:1 365:1	15(c) 5:21 160:11
\$173,398,000 107:7	10-19-21 3:1 4:1 5:1	198:1 199:1 200:1	366:1 367:1 368:1	169:21,23 170:4,8,10
\$2.4 140:14 141:9,18	6:1 7:1 8:1 9:1 10:1	201:1 202:1 203:1	369:1 370:1 371:1	171:6 175:3,9 176:23
270:20 271:7,16	11:1 12:1 13:1 14:1	204:1 205:1 206:1	372:1 373:1 374:1	179:20 184:5 195:9
272:8 283:18 315:13	15:1 16:1 17:1 18:1	207:1 208:1 209:1	375:1 376:1 377:1	210:12,21
	19:1 20:1 21:1 22:1	210:1 211:1 212:1	378:1 379:1 380:1	150 239:24
\$23 220:24	23:1 24:1 25:1 26:1	213:1 214:1 215:1	381:1 382:1 383:1	130 239.24
\$24 178:19	27:1 28:1 29:1 30:1 31:1 32:1 33:1 34:1	216:1 217:1 218:1	384:1 385:1 386:1	150,331,222 243:23
	35:1 36:1 37:1 38:1	219:1 220:1 221:1	387:1 388:1 389:1	151 5:20
\$24.5 309:25	39:1 40:1 41:1 42:1	222:1 223:1 224:1	390:1 391:1 392:1	
\$30 161:25 220:13,20	43:1 44:1 45:1 46:1	225:1 226:1 227:1	393:1 394:1 395:1	15th 203:15
223:7 224:2 334:7,19	47:1 48:1 49:1 50:1	228:1 229:1 230:1	10.5 308:22	16 224:5
336:13,23 337:25	51:1 52:1 53:1 54:1	231:1 232:1 233:1		
339:4 340:10 341:23	55:1 56:1 57:1 58:1	234:1 235:1 236:1	100 108:23 298:15	17 89:16 109:19
\$30.7 216:17	59:1 60:1 61:1 62:1	237:1 238:1 239:1	10010 4:21	110:8 137:24
	63:1 64:1 65:1 66:1	240:1 241:1 242:1		170 5:21
\$325,000 331:14	67:1 68:1 69:1 70:1	243:1 244:1 245:1	10017 3:10	472 440.44
332:16,24	71:1 72:1 73:1 74:1	246:1 247:1 248:1	10:08 36:15,16	173 110:14
\$400 239:24	75:1 76:1 77:1 78:1	249:1 250:1 251:1		18 89:16
	79:1 80:1 81:1 82:1	252:1 253:1 254:1 255:1 256:1 257:1	10:11 36:16,18	1900 3:15
\$410 238:9 239:12	83:1 84:1 85:1 86:1	258:1 259:1 260:1	11/25 6:7	
\$5 142:19 270:20	87:1 88:1 89:1 90:1	261:1 262:1 263:1	11/30 332:24	19th 8:19 21:7
271:6 272:7 283:18	91:1 92:1 93:1 94:1	264:1 265:1 266:1		1:04 150:24,25
315:13	95:1 96:1 97:1 98:1 99:1 100:1 101:1	267:1 268:1 269:1	11:02 72:25 73:2,5,6	
\$5.3 119:23 310:17	102:1 103:1 104:1	270:1 271:1 272:1	11:15 73:3 342:14	1:49 150:25 151:3
	105:1 106:1 107:1	273:1 274:1 275:1		1c 238:12
\$7 217:16,19 221:7	108:1 109:1 110:1	276:1 277:1 278:1	11:20 73:6,8	1st 14:8
277:11,20	111:1 112:1 113:1	279:1 280:1 281:1	11:40 344:14	131 14.0
\$7.2 302:22	114:1 115:1 116:1	282:1 283:1 284:1		
¢7 / 101,10 100,0	117:1 118:1 119:1	285:1 286:1 287:1	11th 152:18,25	2
\$7.4 131:13 132:8	120:1 121:1 122:1	288:1 289:1 290:1	12/1 332:10	
120.12 112.12 111.0	100 4 404 4 405 4	291:1 292:1 293:1		2 5:15 35:18 140:18
138:12 143:12 144:6, 17,23 272:16 273:6	123:1 124:1 125:1	294:1 295:1 296:1	12/19 5:25	2 3.13 33.10 140.10

Index: 2.4..780

172:8 174:13 179:4	2020 59:7
195:11,14 215:22,23	70:17 160
216:3,4,5,8,25	165:14 16
338:12	171:19 17
2.4 268:23 282:15	176:10 17
2.7 200.23 202.13	14 186:12
2/18 5:22	195:20 19
20 15:25 271:14	200:24 20
	207:16 22
2006 18:15	258:20 26
2011 19:2,4,22	307:24 3
2011 10.2, 1,22	316:16 32
2012 19:2,4 95:25	12,14 327
2013 52:7	330:15 33
	336:11,20
2014 20:2	338:15,24
2016 23:19 25:13	343:2 346
	1 3n()"[/ [9

224:2,12 **2018** 105:19 109:14, 20 119:21 165:18 186:25 202:19 203:9 228:3,23 242:18,23 243:12 244:14,18 262:5,15 279:12 **2019** 6:4 21:7 98:17 99:25 103:2 125:18 126:2 131:10 132:6, 21 133:12 134:5,17, 23 137:6 138:12,20

87:8,20,24 89:15,16

2017 126:12 161:23

220:14 222:10 223:7

165:22 216:16

139:18 140:14 141:5 142:18 152:18.25 165:15 180:24 181:4, 9,16,23 182:8,16 200:4,7 201:22 202:13,23 203:3,15 204:10 210:7 213:9, 19 218:21 219:7,12, 24 220:19,22 221:6 222:4,12 223:4,14 242:23 258:21 262:17 263:13,14,20, 24 265:3 269:5.24 270:12,18 271:3,14 272:4,15 273:4 279:12 280:10,20 282:23 287:4 293:19 299:4 301:2,8,16,18 313:3 314:13,23 315:19 316:14 321:6

7,9 68:15 0:7,14,22 69:17,20 73:24 175:8 79:24 183:7, 2,14 189:13 96:3,17 04:20 21:11,16,21 65:6,11 14:21 23:10 326:4, 7:5,9 328:16 34:23 335:7 0 337:12 4 341:9 6:10 359:3 360:17,19 361:6,24 364:4 366:9.10 367:15,20 377:21 378:10,11 379:16,21 382:24 388:4 390:6 391:23 392:5 393:11

2021 8:19 14:8 19:5 37:2,10,19 38:2 70:21 71:3,5,12 121:13,22 122:19,24 163:2,7,8 165:5,9 166:2 173:18 176:24 187:3 198:21 199:7, 12,20 200:14 201:2 203:4,21 210:2,23 212:19 219:11,13,17 226:4 301:24 314:8 315:21 316:7,19 326:9 340:21 341:6 350:6,9 361:25 362:3,7 364:8 365:2 367:15 383:23 395:17

20th 160:5

21 78:3

21-03000-SGI 8:15

21-3004 197:18 215:4

215 106:2

218 6:4

226 5:22

228 8:22

23 178:19

236 5:23 **241** 110:23

25 260:12 328:16 329:14

25-year 347:7

251 129:16,22

256 5:7

258 5:25

25th 329:19

297 6:10

2nd 132:20 141:5 213:9 315:18

3

3 220:2

30 7:19 16:3 186:16 356:9

302 6:12

307 6:11

309 6:13

30th 176:10.24 331:12 332:3 380:18

31 122:19 197:20,24 198:7,9 199:7,12 200:24 201:2 203:4 301:18,24 307:24 326:4 338:15,24 341:9 346:9,21 390:6 391:13,23

3102 4:7

31st 105:18 109:14 119:21 121:13 122:23 199:20 200:14 202:19 203:9, 21 212:19 216:16 218:21 219:7 221:15, 21 242:18 258:20 263:14 326:8,12,14 334:15

328 6:7

33 5:16 91:20.21

33416 100:10

338 6:8

34 5:18 104:23,24

341 6:9

35 5:20 15:20,22 100:10 151:20,21

352 5:8

35D 101:10,19

36 5:21 102:18 170:18,19 177:18 313:9 317:12

377 5:9

387 5:10

39 5:22 226:23,24 236:17

393 5:11

3:26 224:20,23,24

3:39 224:24 225:2

3:40 224:21

3rd 92:2 98:17 99:25 103:2 132:20,25 135:2 137:6 142:18 200:7 213:9 242:23 262:17 263:13 265:3 315:19

4

40 5:23 236:22,23 237:19

406 343:19

41 5:25 258:16,18

419 103:11

45 6:2 135:12.14.15

45th 8:23

46 6:4 218:16.17

4:30 265:25

4:31 266:5,6

4:40 266:2

4:43 266:6,8

4th 135:2

5

5 268:22 271:15 282:14

5.3 121:3,6 124:17 308:21 311:4

500 3:23

51 4:20

5:52 172:4 174:6

5:53 325:7,8

5:59 325:8,10

6

6 183:7 186:14 217:16,19 314:20 316:16 341:13

6/3/19 5:16

6/30 176:8,16

60-day 380:16

650 4:13

6:27 349:6,7

6:30 349:7,9

6th 172:4 174:6 186:11 189:13

7

7 277:15,16 297:20 305:5

7.4 132:2 311:4

7.8 277:12

70130 4:14

71 238:20

71A 6:13

75 18:2

75201 3:16

75201-6659 3:24

75219 4:8

780 3:9

Index: 7:02..agreement

7:02 372:14,15
7:03 372:15,17
7:30 395:10,11
8
8/31 6:11
850 100:25 101:2,4,9
9
9 307:18,19,20
90 18:4
91 5:16
94 5:18
99 86:14
9:32 8:20
9th 70:16
Α
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14
a.m. 8:20 36:15,16,18 73:5,6,8 342:14
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14 A1 6:7 328:13
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14 A1 6:7 328:13 A10 6:12 302:7,8
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14 A1 6:7 328:13 A10 6:12 302:7,8 A11 6:13 309:4,5,6
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14 A1 6:7 328:13 A10 6:12 302:7,8 A11 6:13 309:4,5,6 A2 6:8 338:13
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14 A1 6:7 328:13 A10 6:12 302:7,8 A11 6:13 309:4,5,6 A2 6:8 338:13 A6 6:9 341:14
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14 A1 6:7 328:13 A10 6:12 302:7,8 A11 6:13 309:4,5,6 A2 6:8 338:13 A6 6:9 341:14 A7 6:10 297:20,23
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14 A1 6:7 328:13 A10 6:12 302:7,8 A11 6:13 309:4,5,6 A2 6:8 338:13 A6 6:9 341:14 A7 6:10 297:20,23 A9 6:11 307:20,21
a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14 A1 6:7 328:13 A10 6:12 302:7,8 A11 6:13 309:4,5,6 A2 6:8 338:13 A6 6:9 341:14 A7 6:10 297:20,23 A9 6:11 307:20,21 abilities 265:12 ability 20:17 42:6 124:3 204:15 272:6

accelerated 339:4

acceleration 339:6,

10,15 340:13,17,24

347:7

-00	,00
	a
_	a
_	a
9	a
_	a
	a
	;
	a
	a
	a
8	
	:
	ac ac ac ac
	a
	a
3	a
	a

ccept 16:17 152:23 188:19 **ccepted** 241:14 277:19 **ccepting** 153:16 ccepts 8:6 ccess 294:24 359:19,21 360:9,14 372:21 373:13 ccordance 241:13, 25 242:4 254:10 256:21 ccount 287:17 328:6,9 359:14 360:6,14,22 367:22 371:9 ccountant 21:17 25:20 116:12 370:14 240:19 241:14

ccountants 147:22 ccounting 26:2,4, 7.17 28:16 38:24 87:12,14,17 112:10, 11 148:23 149:2.14 150:14,19 188:11 200:17 230:16,18,21 257:22,24,25 258:12, 13 280:6 290:13 326:18,21 337:2,7 351:2 354:7,11,22 358:3 371:5 372:3 378:15 **ccounts** 244:9

327:10,12,17,21 329:17 330:10.12.20 331:4 333:7 359:19, 22

ccuracy 113:17 114:17 115:2

ccurate 88:7,11,17 89:13,23 90:2,6 110:16 112:19 133:5 176:17 204:4 238:4 256:10 257:4 284:24 286:6 330:20,24

accurately 240:9,14 accusations 157:18 acknowledgment

6:12 201:13,25 213:6,17 314:21

acting 23:23 24:2,3,8 28:5.8.12.18.20 29:5. 9,11 30:14,16,24 31:2,3,5 155:6,9,14 156:4,12 158:3,9,11

action 374:20 383:17

actions 9:7 347:25

actively 337:11,12 346:19,25

actual 115:21 311:25 312:12

add 183:23

added 183:24

addition 333:7

additional 171:6

adequately 335:24

adjustment 242:7 263:4

adjustments 36:4 240:21 241:18 243:5 244:19 245:20

administrative 321:17 388:24

admissible 7:17

admitted 276:24

advance 57:21 60:21 61:5,10 62:21 63:5 267:8 355:25

adversary 197:18

advice 172:7 205:7 257:2

advisor 125:8,15 192:25 193:15 205:10 273:23 281:6 282:5 311:25 312:5,6 328:7 331:22,23 391:7

advisor's 337:17

advisors 3:17,18 9:21,22 22:22 27:10 29:10,12 32:18,20,25 33:24 39:2 42:21,22 44:6,7 58:8,14,15,18

125:3 126:10,13,16 127:10 152:14 160:10 167:13 168:19 171:14 172:18 175:7,13 178:11 179:18,21 183:7,18 184:15,19, 22 189:23 190:9,12, 19 191:2 192:25 193:8,19 194:3,21 195:10 196:8,22 205:7,12,23 206:14 208:4,7 210:5 213:22 215:14 235:9 267:24 268:16 279:19 280:2 286:18 308:4 325:15, 21,22 328:7,25 329:3 332:14 333:23 335:15 336:7 337:14 353:20 379:19,24 380:2,10,22 381:2,6, 11,16 389:11 390:11 391:8

advisors' 168:9 179:8,25 180:9 184:3 194:17 218:19 328:9

advisory 32:21 33:24

affect 371:17

affected 265:12 277:20 370:23

affidavit 164:10

affiliate 41:18 42:2,4 44:12,16 47:25 48:9, 22 49:5,6,10 51:17 54:17 57:19 58:3 60:14,21 61:4 62:9, 20 63:3.15.22 64:6. 10,16,24 65:18 78:18 93:21 94:6 100:25 105:8 107:2,13,21 108:3,7 109:10 131:2 171:14 220:6 225:6, 14,21 239:4 254:2 259:24 262:11 263:5 307:24 309:16,24 310:9 312:2,11,14,25 370:10

affiliated 134:6 285:17

affiliates 41:2,5,8,10, 13,14 44:4,11,15,25

45:13 46:3,9 47:18 48:7,13 54:2,11,13, 20,21,25 55:6,11,18 56:2,16,23 61:20 62:2 63:11 65:4 66:8 82:16,20 91:3 100:22 101:16 106:22 107:3 108:14,18 109:8,18 110:7 111:2,6,9,13, 23 112:18,24 113:19 115:4 117:24 118:7 119:4 120:20 121:4 176:9 233:9,23 234:10,16,21 235:4, 22 236:8 238:25 241:7 242:8 243:8 259:19 260:11 262:6 309:19 312:2,13 377:13 379:8 382:7

affirmative 96:15

afield 16:22 376:3

afternoon 344:17

aggregate 131:13 132:7 138:11 217:15,

agree 77:5 306:13,22 307:5.10

agreed 16:17 75:20 121:16,20 198:20 199:5,11,19 200:13 209:25 210:6 314:11 374:25 375:7

agreement 17:9 59:24 65:9,16,23 66:2,6 67:3,7,8,12, 16,22 68:4,9,12,17, 24 69:15,19,22 70:2, 7,11,16,20 71:18,24 72:4,7,10,13 75:4,5, 9,14,16,23,24 76:3,6, 7,10,14 77:6 78:15, 21,25 79:8,10,17,18, 24 80:5,6,11,16,20 81:6 82:9,17,22 83:7, 10,14,17,20,23 99:15,24 100:2,6 102:3,6 104:13,17,19 122:5 123:22 124:4 134:12 186:24 187:2. 16 189:2 200:13 210:22 212:17 278:23 279:18,20,24,

Index: agreements..audited

25 314:7 316:5,8,9, 13 326:3,13 332:8 351:4 365:22 379:20

agreements 58:16 77:24 83:4 168:9 186:10 279:4,6 325:24 353:22 379:18,23 380:4,11, 13,19 381:17 388:16, 17

agrees 243:25

ahead 68:22 82:6 156:20 164:10 212:25 248:12 295:12 329:11 352:10 364:23 378:18

Aigen 4:5 9:24 214:4 251:23

Akard 3:23

allegations 208:17

alleged 389:3

Allocation 35:19,21 125:2 273:17 281:8, 23

allowed 62:8 81:23,

alpha 297:20 302:7 307:19 328:10 338:11 341:13

alter 187:16

ambiguous 353:20

amended 5:15 214:18

amortizing 334:13

amount 49:10,11 50:23,24 57:6 119:7 131:13 132:8 138:11 142:18 144:5,16 161:19,25 195:16 196:16 216:17 217:15 220:23 222:11 239:5 240:9 244:3 271:11 277:7 283:18 288:6 308:22 342:10 343:5,15,17 389:11 **amounts** 106:21,25 108:14 109:7,18 110:6 111:2,5,8,12, 23 112:18,24 113:18 114:19 115:3 119:3 120:20 121:4,11 125:8 126:6 161:8 168:3 171:12 174:15. 22 175:11 176:9 181:15 199:12 202:7, 22 203:7,13,19 204:11,16,25 205:12 211:11 212:10,18 217:19,21 222:3,11 234:23 235:3 275:13 282:8 283:2 285:10 288:3 311:4 335:12

analyses 241:11

analysis 240:20,24 241:3,6 261:11 262:3 265:7,8,17,18,19 389:8

and/or 42:8,16 43:3, 14 59:14

annual 26:10 84:17, 23 85:2,24 96:7 168:10 170:5,9 184:5 217:2 228:16 334:8 335:9 336:12

answering 248:7,8 262:23

answers 12:2 16:25 26:15

anticipated 311:20 378:17

anymore 294:24 388:12

apologize 30:10 40:22 78:14 99:22 104:12 125:21,24 139:2 170:2 192:14 197:19 226:17 227:17 304:14 352:8 354:17 387:9

appearances 3:3

appeared 337:16,19

appearing 8:18

appears 224:8

Apple 281:21

application 165:10

applied 55:16,24 56:6 59:17 60:12 162:5 168:4 294:13 316:14

apply 213:7 314:12,

appointed 18:21,24 24:14,19,25 25:8 29:11,15 270:4 323:9,16

appointment 152:24 153:4,16

appointments 227:14

appoints 183:9

appreciated 74:16

approaching 310:23

approval 57:13 62:5, 10 63:12,17,23 144:24 170:14 206:5, 16 271:17,22 272:13, 14 281:7 332:16 351:5 377:17,24 382:11

approve 56:21 57:2, 3,20 61:5,9 231:21 273:6 379:7

approved 57:5 60:20 231:14 271:12 294:21 295:6,18 333:4 382:16,17

approximate 17:22 23:15 27:24 30:19 36:23 38:15 120:15 161:24 216:17 277:7 310:5

approximately 8:20 15:13,20 19:23 109:15,19 110:7 119:23 126:12 169:7 173:14,15 178:19 220:12,24 221:3,7 238:9 277:10,15 278:6

approximates 118:13 121:6

April 152:18,25 200:4 202:13,23 203:3,15 204:10 210:6 213:18 301:16 314:21 323:6

areas 26:5

Argumentative 156:10

arise 288:3

arithmetic 260:10 armchair 153:11

ASC 100:25 101:2,4,

ascribing 386:8

Asia 4:24 92:14 118:3 129:16 135:10 177:14 218:14

asks 97:12 171:10 172:6 174:21

aspect 26:18 116:20

asset 107:25 108:6, 24 109:14 118:23 225:16,23 265:9 354:15 367:9 368:4 371:7,16,23 372:6 376:24 387:3

assets 5:23 107:14 108:10,13 109:20 110:8 122:3,8 137:14 190:3 194:2 195:17, 20 196:3,9,17 204:19 211:3 225:8 235:11, 15 237:20,23 239:13, 19 240:15 241:4,18 242:13 250:18 253:16,24 259:18 260:8,11,13 301:9 303:9 307:9 309:2 311:10 317:7 366:14 368:5 370:22

assistant 295:2 298:25 320:23 321:9

assistant's 321:5

assistants 321:18

assisted 326:22

assisting 333:8

associate 268:10 297:25

associates 377:23 association 7:5 8:25

assume 22:15 133:24 297:13

assumed 285:4,11 287:6

assuming 288:22

assure 105:4

assured 257:3

astute 320:12

attach 320:22 321:2

attached 307:23

attaching 171:5

attachment 307:25

attempted 360:23

attempting 374:17

attorney 153:11 172:12

attorneys 3:4,11,17 4:2,10,16 147:21 187:6,11,15 188:3,7, 24,25

attributable 132:3 276:11 283:2

audit 26:11 48:5 52:23 85:24,25 86:9, 23 88:2,6,13,14,16 89:10,11,22 91:11,14 93:4,14 95:6 96:7,10 97:22 98:19 103:25 104:4 106:7,16,17 109:24 110:25 111:20 112:7,24 113:17 114:2,7 115:2,20 116:5 117:2,20 119:19 131:5 132:9,24 135:6 137:5.7.10.12.21 138:18 142:9,11 148:25 149:4 199:23, 25 200:6 218:7 219:4,5,12,15 221:11,14,20 243:12 244:18 263:24 264:8

audited 6:4 41:7 47:25 84:16,23 85:3, 19 90:2 93:24 95:14

Index: auditing..briefly

98:6 102:7,10 104:21 107:22 113:7 114:18 133:22 138:3,4,9 143:8 186:25 196:21 200:9,12 201:7 211:6 217:24 218:4,12,24 241:24 242:2,3,15,16 261:20

auditing 264:2

auditor 84:21 97:12 113:11 136:6

auditors 46:8 47:17 48:7,10 52:11,20 53:4,11,13 84:10 86:10 88:9 91:12 113:8 136:16 137:3 149:13 211:16 212:15 264:16

audits 149:12 246:11

authority 63:9,21 270:19 271:5

authorized 57:8 139:4 143:13,22 144:7,18 150:4 152:11 158:4,13,18 159:4,15,23 160:15, 24 181:3 320:16 363:2 382:6,9 384:7, 10

availability 121:12

Avenue 3:9 4:7,20

aware 12:14 21:6 32:7 43:22 45:12 48:8,11 49:4,8 50:20, 25 51:5,8,13,18 53:24 57:6 61:7,19, 23 65:3,5 66:21 78:5, 15,22 83:15 85:10 93:8 102:5,14,16,22 103:5,16 107:20,23, 24 108:6 133:15,19 148:5 161:2,6,22,23 162:2,3,8 167:18,19, 24,25 168:7 181:6,7, 12,13,17,24,25 182:4,9,10,13,14,18 198:16 199:9,13,17 202:11,17,21 213:5, 13,15 220:17 223:3 226:3,6,7 261:3,5,7 263:12 267:7 295:23

338:22,25 339:3,5,6 343:18 347:5,8,25 348:6,13,14,17 372:24 378:9 382:4 385:10,15

В

back 20:14 36:17 40:22 50:2 61:24 71:11 73:2,7 75:17 89:17 91:10 92:9 93:11 95:18,20 125:19 140:14 141:12 151:2 160:6 174:20 183:8 185:19 192:23 202:3 205:19 207:2,5 209:6,13 215:20 224:20,25 226:18 243:22 263:23 265:5,15 266:7 273:21 280:3,5 282:13 283:22 285:16.21 286:20.24 292:23 293:19 299:4 301:21 302:23 305:16,20 306:3 313:3 324:6,12 325:9 326:15 332:13 333:9 343:6,16 344:18 347:3,4 348:25 349:8,10 350:2 354:16 365:20 372:16 382:23 393:12

backed 50:22 123:5

background 13:22 16:13

backing 189:9,15 190:10,12,19 191:3 193:20 194:20 205:8, 14,24 206:14,23 208:5 321:15

bad 134:9

badly 81:18

Baker 3:14 9:9

balance 106:19 107:14,22,25 108:11 109:6 110:4,5 111:11 112:4 120:23 175:2, 8,14 179:17 196:25 220:2 222:21 228:22 229:3,8,16 230:5 243:7 251:14 253:22 370:22 372:6

ballpark 196:15 277:17 278:11

bank 142:12 261:23 306:5 327:10,12,17 328:6,9 360:5,14

bankruptcy 8:13 21:7 45:24 187:15 188:25 219:23 236:24 237:2,14,24 240:8 244:6,21 245:17 247:9,17,23 248:14,24 254:12 263:18,19 264:3,15 311:11 317:11 366:4 374:15 376:7

base 109:14

based 71:16 78:25 101:13 108:21,23 111:15 146:8,23 204:22 274:4 278:4 315:4 337:22

bases 228:13

basically 122:19 145:15 152:10 199:14,23 200:23 252:9 254:16,19 327:20 348:4

basis 16:18 19:4 47:10 84:18 110:3, 10,17,18 137:16 151:14 154:6 170:15 190:13 226:11 227:5, 20,25 228:13,16 241:17 266:22 288:12 358:7

batch 330:3

Bates 129:16,21 137:25 177:16

bear 17:5

began 20:8,13,17,23 266:21

begin 11:22 12:2 266:18

beginning 202:5 249:9

begins 12:15 170:23 197:25 341:17

behalf 58:11 122:22 139:18 180:22 181:2, 7,13 182:17 201:13, 15 210:5 211:9 212:8 213:8 270:21 271:5 273:4 289:18,23 327:17 336:21 350:19 362:9 377:12, 23 379:8 382:6,9 383:24 384:18,22 385:7,11,12

belief 98:17 346:15

believed 143:22 161:7,17 175:22 246:22 250:9 386:9

believing 144:17

benefit 17:19 304:19

bigger 89:5

bill 117:9 355:3,8 358:13

bill-paying 358:14

billion 109:15 110:14 253:21

billions 253:24

bills 326:23 355:14 356:2,13

binder 91:23 216:10

binders 216:5

bit 16:22 96:4 117:22 152:17 171:2,25 201:12 222:25 313:11 384:25

BK 187:6

blah 248:18

Blank 170:24

blend 250:5

blessing 319:21

block 152:21 320:22 321:3

board 33:5,12 34:4 166:23 168:18,21,23 169:10,12,14,20 170:12,13 171:7 175:3,8,15 176:22 178:7,13,17,23 179:8,12,15,19,25 180:8,23 182:6,15 184:4,8 185:14 189:7,14,19 190:4, 14,18,21 191:2,8,13, 16,20 192:3,8 193:3, 18 194:12 204:18,23 205:6,22 206:12,13 209:16,19,21,24 210:6,20,22 233:7, 13,16 281:7 323:8,16 348:3 385:13

board's 174:13 175:23 176:18 179:3 194:17 195:10 210:11

boards 33:8 160:8 171:19 181:2,8,14, 19,21 182:2,11

bona 369:25

book 140:15

bookkeeping 358:6

books 225:8,15,23 235:16 237:15 240:11,14 257:21 258:5 286:23 371:8

born 284:10

borrowed 127:15,24 128:5,23 129:2,5

borrower 272:7 273:5 340:2,7

borrowers 44:15,19

bottom 92:16 106:5 129:25 143:3 170:21 221:24 224:4 329:5 330:7

box 294:20

Boyce 21:5

Brad 249:21

break 36:6 72:17,20 73:10 74:4,14 139:25 150:22 151:5 224:19 265:24 266:2 324:22, 25 327:3

briefly 383:22

Index: bring..company

bring 73:16 154:20 **bringing** 249:21

broker-dealer 332:6

brought 73:17 248:13 374:9

broke 221:12

build 107:7 108:22 260:5 311:17

bulk 89:9

burdening 81:12

business 226:10 229:22 332:10,11

C

calculate 275:11 276:22

calculated 335:11

calculation 278:12

calculations 276:19

calculator 110:12

calendar 337:7 378:16.21 379:5

call 46:14 55:2 68:6 70:3 154:8 167:4 191:14,15,24 192:2 290:19,25 350:15 364:21 393:12

called 16:10 22:21 27:10 29:25 31:8 32:4 81:9 115:3 130:3 227:2,19 228:21 273:18 278:22,24 315:20 342:8,24 343:2,16 351:10 362:8

calling 344:18

calls 45:17 46:10 55:21 107:5 126:4 268:6 324:2,9 344:22

camera 36:2

Canty 4:24 105:2,23 129:18,23 135:12,16 177:10,21,25 218:15

capable 86:12 88:20

capacity 11:3 19:25 21:3 24:17 26:22 65:10 97:15 143:25 174:3 232:4 258:25 270:25 285:24 295:18

Capital 3:4,18 8:11
9:6,22 10:22 11:7
15:16,23 18:7 22:21
30:2 41:18 42:10,18,
21 43:11,16 44:6
58:15,17,20 70:21
109:23 110:9 125:3
127:12 133:10
152:13 172:14
215:14,17 271:3
279:18,19 280:2,3
308:4 325:22,24
330:16 354:19
359:16,18 360:7,8,13

capture 107:10 130:15 203:11

captured 131:3

career 286:21

careers 89:6

carefully 40:14,18 47:9 114:14 144:14 223:12

carried 107:14,18,21 109:6,11 233:5 243:6

carrying 118:13,25 120:2,4,12,14 262:8 263:7,16 265:2

case 7:21 8:14 208:15 248:15 301:14 339:25

cash 57:3,4 121:12 335:17,18,22,23 336:7 337:13,14,16, 17 360:5 361:12,14

categorically 392:10

categorize 257:10 categorizing 316:18

category 107:24 109:6

caused 263:3,14 277:3,19 280:12 359:8,24

causing 362:21

CCO 192:25 193:8,14

cease 173:15

ceased 71:6 173:12

cell 393:2,5,8,9

CEO 14:16

certainty 371:6

certificate 5:20 22:3 152:2,5,10,13 159:19 183:11 270:4

certificates 21:21 154:20

certification 22:3 certifications 22:13

certified 7:5 21:17

cetera 164:10

CF- 25:2

CFO 14:14 18:10,17, 21,24 19:3,14,25 21:3 39:10,15,19,21, 23 40:3,4,9,12,25 42:5 43:10,23 44:25 46:7 47:16,24 49:17 50:10 51:10.15.20.25 53:9 55:16 60:23 61:21 62:4,8 84:20 85:12 86:3,19,24 88:10.15 90:15 94:4. 23 95:7,15 100:17 107:11 111:16 114:5 133:7,10,16 176:14 202:11 203:25 225:17,20 226:8 227:6 229:23 230:14, 18 240:7,14 243:4 247:7,23 248:24 255:7 269:2 285:24 287:14 288:7 295:19 339:24

chain 341:17 342:7 350:14

challenges 12:21

change 28:7,11,17 93:7 187:7,16 189:2

229:11 240:6 248:17 261:24,25 262:2 264:3 265:10 343:20 371:22

changed 20:6 28:11 189:10 194:13 206:24 207:6,7,9 208:2,3 263:18 264:17 323:2

characterized

247:12

chat 81:25 92:12 105:2,5 135:17 177:7,18

check 86:8 306:4

chicken 298:13

chief 14:12 26:24 27:5 120:8 184:22,24 258:25 270:9,13 271:2 302:19

Chisum 321:7

chose 113:25

circumstances

71:15 231:6 240:6 241:10 261:23,24 262:2 265:9 274:13

Civil 7:20

claim 167:9,13,25 374:9 375:8,11 385:17,22,25 386:2 388:24

claims 208:23

clarify 354:17

clear 40:15,16 54:22 55:5 75:16 81:2 156:2 188:21 214:17 238:17 302:6

client 74:5,10 75:19 269:9,13

clients 195:8 209:2

Cliff 276:2

clock 46:25

CLOS 253:19

close 229:10,19,21 230:2,23 232:8,20 233:3 298:2,12

308:24 372:10

close-end 275:6

closed 281:3

closed-end 281:10, 15 282:7

co-invest 127:13,16

co-obligor 305:22

code 101:21

collect 54:3

collectability 253:18

collectively 33:2 54:12

colloquially 366:5

combined 233:18

comfort 159:22 193:25

comfortable 90:9

command 297:25

commenced 53:25 54:11 181:22

commencing 203:20

comment 252:23 367:22

common 299:4,5

communicate 64:3

communicated 114:9 211:15,20

254:21 292:17 319:19 368:8

communicating 365:13 366:3

communication 87:6 207:23 350:8

communications

66:19 71:13,14 116:16 322:7 367:14

comp 78:10

companies 42:7 285:17

company 27:9 29:25 31:7 247:8 273:18,

Index: compared..COVID

20,21

compared 12:21

comparing 118:24

compelled 81:8 371:22

compensation

125:14 281:3 318:14 366:24 367:19,24 386:11

competent 88:20

complaint 5:15 140:4 208:17.22

complaints 322:2,4, 8,20

complete 112:19 208:16 221:10.13.18. 19.20

completed 132:24 178:8 200:7 219:7, 10.13.16

completely 13:4,7 205:5

completeness 97:22 98:5

complex 253:19

compliance 148:3,4 184:22.24 193:17 280:8 294:18 295:21 296:4

complied 373:3

component 119:17 120:22

compose 348:22

conceived 232:17

concept 52:24 201:20 390:10

concern 105:8 122:13

concerned 35:25 112:23 235:20,24 241:22 370:2

concerns 112:15 113:3 114:6,25 117:23 236:2

conclude 108:17 310:9

concluded 395:11

conclusion 42:20 43:9 44:18 45:5,9,17 46:11 47:21 48:4,17 49:2,14 55:21 107:5 126:4 142:7 143:16 153:13 154:9 157:8 212:25 263:5

conduct 85:24 169:10

conducted 86:14

conference 8:17 323:24 343:23,24 344:11.13

conferred 98:8

confers 143:20

confirm 96:14 98:16 108:23 141:13 143:4 214:3 270:6 319:3,20

confirmation 103:21

confirming 98:23

confused 78:11 317:13

connection 16:11, 16,19 48:15,23 50:15 93:13,14 95:5 96:9 125:25 149:3 160:11 175:9 179:19 184:5 199:22 367:5 374:8

consequences 357:4

consideration 306:18

considered 274:9

consisted 59:21

consistent 394:17

consolidated 5:18 6:2 105:17 110:2,5,9, 17 113:13 135:20 137:16 218:19 253:21

constitute 110:7

constituted 109:19

consult 94:12,17 351:21

consultation 318:12

consulted 274:9

contend 65:6 168:4

contends 168:3

context 41:21,22 58:13 124:18 136:21 168:20 170:4,9 189:18 367:12 386:23

contexts 41:15

continue 209:4

continuing 203:20

continuous 19:4

contract 278:15,22

contracted 330:18

contracts 15:9,11 249:22 288:17 325:12,14,17 326:6

control 90:3.5.9.14. 20,25 101:4,9,24 113:6 137:17,20 207:21

controlled 15:6 16:8 17:24 42:8,16,25 43:3.14 101:16

controller 291:13

controls 43:5,6 112:16

conversation 58:23 59:5 73:18 74:2 78:9 113:16 114:16 124:8 145:7,14,21 148:17, 20 164:23 166:2,9, 11,19,23 187:14 190:23 194:8 207:13 233:21 234:25 235:13,18 246:14,18 252:10,12 255:14 282:25 283:4 296:3,4 318:9 319:16 342:4, 20 348:15 350:8 363:5 365:3 367:3,4 381:8 383:11 386:18, 20 389:22 390:24 391:17 392:24 393:2

conversations

66:16 74:21 113:22 115:9 124:11 206:11 233:25 289:4 368:13 380:6 393:10 394:3

conversion 125:12. 14 131:23

convert 281:9 282:6

converting 275:5

convey 208:6 389:20

conveyed 343:15,25 344:4

conveys 193:15

copied 183:3

copies 13:11,16 142:12 149:8 298:7

copious 324:16

copy 92:13 148:24 197:23 200:18

corner 198:6

corporate 41:2,5 54:25 87:11,14,16 112:10,11 116:12 148:23 149:2,14 150:14,19 172:20 188:11 200:17 230:16,17,21 257:22, 24,25 258:11,13 337:7 370:14 378:15,

correct 11:16 18:10 19:8 22:16 24:7 29:3, 8 32:4,22 33:5 39:4, 12 41:3 43:24 45:2 50:24 55:19 59:18 69:24 74:12 79:24 84:11,18 91:23,24 93:15 95:7 100:4 109:17 110:19 112:8 115:4 117:17 120:21 132:8,24 133:7,11 137:3,8,22 142:5 143:9,14 149:4 150:9,16 155:7 156:13 160:17 161:9, 20,25 165:16,19,23 166:15 167:16 168:11 175:24 179:9 185:23 186:5,6

187:3,4 201:4,9 204:20 205:24 206:6 211:25 214:21,24 218:4 223:7 242:18, 23 243:2 256:2,5,10 257:5,19 258:2,6,8, 14 259:2,6,7 262:8, 17 263:7,10 264:20 269:25 270:14 290:8 301:9 307:12 310:18 311:3 316:10,19,22 332:18,19 346:2 359:17 371:21 375:2 382:3 383:8 384:7 388:18,21 393:22

correction 384:5

correctly 138:7 175:20 289:17 305:14 375:18

cost 279:17 325:23 379:20

counsel 9:2 66:17 73:13,14 74:15,21 140:10 150:2 164:7, 16,20 187:22,23 254:18 322:7,9,12, 19.22 351:18.21

counsel's 151:16

Counselors 7:4

couple 17:5 100:9 314:6 351:12 352:12 384:15 386:6 393:17

court 8:13,24 10:10 12:10 209:5 213:23 215:13 226:16 237:2, 24 244:6 245:22 254:16 256:21 268:8. 18 301:20 311:11 313:3 343:3 376:8

courtroom 7:18 156:19 157:23

cover 105:16 294:12, 24

cover-to-cover 208:22

covered 67:4 189:7 191:13

COVID 207:16,17 219:19 299:6 321:2

Index: COVID-19..Deitsch-perez

323:2,3,5 COVID-19 7:7 8:18 **CPA** 22:13 crafted 178:6 crash 265:11 craziest 157:5 crazy 264:2 create 257:18 **created** 199:10 creditworthiness 303:19 Crescent 294:10 CRO 254:13,14 256:25 257:7 cross 305:17,21 **crossing** 295:24 culmination 145:8 250:4 274:20 **cure** 345:4 cured 363:14,19 **curing** 365:16 current 86:13 158:9 **curse** 394:15 **cursed** 394:14 D **D.C.** 162:20 164:6 daily 219:20 **Dallas** 3:16,24 4:8 8:14 9:20 **damages** 385:17 Dandeneau 3:12 7:23 9:8 13:10 14:25

16:9 17:7,18 20:4,20

22:14 25:15 31:16,

36:8,12 40:10 41:4,

46:18 47:3,7,12 50:7

55:10 56:11,25 58:25

12,24 42:11 43:17

52:8 53:18 54:8

59:19,25 60:7,15

20,24 33:9 34:20

61:12 62:11 63:13,24 64:19 65:12 66:14,24 67:17 69:5 72:15 73:12,21,24 74:8,12, 17 75:6,10,13 77:9, 14,21 79:4,14,20 80:12 82:5,11,24 83:25 85:15 86:2 91:4,8,22 92:11 94:3 96:11,20 99:17 104:25 107:15 108:5 110:11 111:24 112:20 113:20 114:20 115:5 117:6, 18 119:12 120:16 122:10,16 124:6,23 127:19 132:16 134:8 135:8,18 143:10 144:8 146:20 149:5 150:10,17 151:13 153:18 154:14 155:11,18,20,23 156:10,16 157:2,6, 11,15,24 158:15 159:17 160:3,12,18 163:24 167:5 168:8 177:15,20 178:20 180:3,11 181:5,11 183:15 184:6,20 185:2,18,24 193:21 194:5 195:21 196:13. 18 200:20 203:23 205:3,15,25 206:21 208:10 210:24 211:4. 13 212:22 213:11 216:2,9 220:10,15 222:13 225:10,24 228:9 229:24 231:18 234:6 235:23 236:10, 18 239:3,14,22 240:16 242:24 246:19,25 247:14 250:11,22 251:3,12 253:12 254:6 255:12 257:6,20 260:14 263:8 265:4 266:3 269:10 285:23 286:7 295:11 298:6 299:15 302:25 305:10 307:2 312:18 317:23 333:20 336:14 338:5 339:20 341:2 347:21 348:11 349:11,17,18 350:3 352:18 375:22 376:5 379:10 394:10

deadlines 86:9 379:2 deal 74:25 219:18 224:14 286:11 deals 373:19

data 311:24 **Deborah** 4:4,18 9:8, 12 10:2,3 349:18 date 18:13,18,20 **Debra** 3:12 21:10 56:18 70:12 84:11 98:18 103:14 **Debs** 349:20 104:4 106:4 131:11 133:2,12 136:10 debt 333:9 186:15 226:7 235:10, debtor 240:8 245:15, 14 239:17 241:20 25 255:17 270:14,21 262:15 263:20 271:2,6 278:16,17 310:15 314:22 315:6, 279:6 280:21 310:18 7 323:8 326:8 329:18 325:13,14 326:14,22 332:2 356:24 369:13 327:15,20 331:3 372:6 386:5 333:7,15 335:2,8 dated 92:2 106:10 336:22,25 350:22 132:20 142:18 152:17 200:3 203:2 15,16,18,25 374:9, 213:18 216:16 15.16 376:13 380:9 383:14 388:10,12 220:14 228:3.23 258:20 262:23 **debtor's** 233:7 dates 30:17 178:8 239:12,19 240:15 321:14 326:7 355:25 debtors 374:21 357:11 debtors' 337:24 Dave 87:20 172:6 230:19 292:3,4,11 debts 302:23 David 124:9 275:23 decade 95:19 231:22 389:9 decades 95:21 **Davor** 3:20 9:19 **December** 59:9,12 178:10 266:15,17 105:18 109:14 304:8 336:15 387:14, 119:21 202:19 203:8 day 106:10,13,16 21 242:17 258:21 134:20 187:8 226:4 263:14 326:4,11,12, 321:23 329:21,23 14 327:4.9 330:15 332:4,10,11 342:16 332:11 334:15 343:24 350:12 353:5 338:15,24 341:9 395:17 360:17,19 361:6,24 days 71:12 356:9 364:4 382:23 388:4 **DDP** 349:23,24 390:6,16,17,24 391:13,23 392:4 de-accelerate 393:11 344:24 December-ish de-accelerated 390:16 345:18

decisionmaking 254:14 declared 182:7,12 **deduce** 309:23,24 310:6 **deemed** 53:2 94:19 109:9,10 113:11 131:6 244:16 245:24 246:6,16,24 default 182:7,12 341:6,7,10 345:5 346:9,20 347:6 363:9,14 364:18 372:20 373:3, defaults 365:17 defendant's 214:18 defendants 81:14 defended 11:14 deferral 200:23 201:4,7,21 deferred 203:3 366:23 define 32:9 33:21 101:6 **defined** 33:13 45:13 51:17 53:13 54:2 99:15 173:2 defining 44:16 69:8 218:21 219:7 221:15, 109:21 **definition** 42:24 43:2 53:16 54:18 69:15 75:20 77:6 100:25 101:9.13 104:6 343:2 346:9,21 359:3 degree 245:20 degrees 22:7 Deitsch-perez 4:4 5:8,11 9:12,13 10:2 17:8,13 29:20 42:12 46:12 50:5 60:16,24 64:17 65:19 66:10 decide 254:25 67:9,24 69:6,10,13 76:15,17,21,24 78:19 decided 245:5 79:25 81:16,20,22,24 318:13 380:22 97:4 107:16 115:6

117:7 119:13 120:17

144:25 146:12 147:4,

11 148:12 149:21

153:19,25 154:7

Deb 151:7 349:10,18

deciding 56:13,17

decision 121:24

340:9 382:20,21

122:2,21,22 245:2,8

Index: Delaware..Dondero

159:25 160:19 177:6, 17 178:3 180:4,12 191:4,22 194:6,22 195:22 196:4,11 202:24 205:16 206:7 208:11 209:8 212:12, 20 214:9,13,16,22 215:5.11 216:11 220:25 227:21 231:8 232:9 238:10 239:20 242:25 247:15 248:2, 8 249:4,17 251:10 252:6,9,20,25 254:7 255:10,22 256:17 262:18 301:19 324:24 336:15 348:9, 23 349:21,24 352:6, 11,20 353:2,17,23 375:22 376:4.9 377:3 381:13 384:12 386:13 387:10,14 393:17,20

Delaware 254:16

delegating 254:13

deliver 50:14 230:22

delivered 178:7 235:20

delved 251:19

demand 121:11,17, 21 122:4,7,9,15,19, 23 123:23 124:4 134:13 140:17 142:21 182:15 186:18 187:3,17 198:21 199:6,11,19 200:14 202:18,22 205:19 209:25 210:7, 23 212:18 301:17 313:16 314:8 315:2,8 316:6,17,18

demandable 316:19

demands 122:14 364:13

department 146:10 147:3,10

depend 356:5

depended 356:6,16

depending 87:4 164:4 383:15

depends 41:20 57:15 279:2

depo 260:16

deposed 11:9,12

deposition 7:11 8:10,16 11:2,15,18 12:7,15,22 16:15,23 33:23 72:21,23 73:10,15,20 74:6 76:8 77:12 81:3 123:17 151:6,9 215:6 227:15 266:21 267:4, 13 365:20 373:2 375:25 376:19 388:23 395:8,9,11

depositions 11:19 12:19

derived 16:6 17:23

describe 56:4 84:3 111:21 326:15 353:7 358:3

describing 125:17 126:2

description 108:21,

desk 293:9,10 295:25

detail 107:7 120:25 153:8 159:20 222:22 229:14 278:11 300:6 311:18 351:19 369:20

detailed 122:20 132:12 179:23 224:9 230:7 260:5 276:18 370:16 389:8

detailing 294:14

details 77:24 78:7,12 80:8 84:7 104:16 131:25 286:3,22 299:12 300:8 342:12 343:7

deter 376:18

determination 41:25 42:4 261:18,19

determine 53:19 82:19 83:6

determined 261:16

274:7 276:7

detrimental 275:11

development 347:13.18

deviate 264:25

dictate 90:10

differ 263:15

differentiate 268:14

differently 96:5

difficult 145:12 205:19 207:18 222:25

diligence 85:5,8,13 169:11

direct 113:22 253:6 304:19 322:10

directed 57:17

direction 237:6 254:25 258:2 393:22

directive 383:7

directly 15:5 16:7 17:23 19:8 42:7,15 43:14 88:2 177:11 219:2 354:9

director 23:6 32:15 39:25

directors 15:22 72:7

disagree 318:5,16, 21 319:2

disclosable 131:7

disclose 46:7 47:17 52:11 53:10 88:13 91:12 94:6 99:14,20, 23 103:2 111:21 112:3 113:8 179:12 210:12,15 242:21

disclosed 48:7,9 52:19 53:4 93:24 94:18 102:3,7,13,18 103:8,10 113:12 117:13 130:10 133:21 134:3 138:8 190:25 212:4

disclosure 100:12 134:12,16 185:15

191:20 211:21,23 262:11

disclosures 91:2 94:16

discovery 81:4 196:21

discuss 99:3 124:2 148:18 201:18,20 322:14 342:7 343:22 345:7

discussed 26:18 73:23 74:11 80:14 107:9 114:25 192:12 193:23 227:12 234:4 272:20,23 275:3,4 294:5 300:11,13 371:15 383:22 390:9

discussing 117:25 148:22 180:8 191:6 217:18 234:9,15 300:17 319:7 341:6, 8,22 346:4 388:13,15 391:6

discussion 164:4,9, 12,17 180:19 191:9 217:21 246:4 249:24 251:20 282:18,21 290:6 319:13 342:15 387:22 388:8 392:11, 21 395:3

discussions 58:20 233:6,15 249:11 250:4 251:13,19 253:17,20,25 263:25 264:14 274:5 275:17 280:18 367:19 387:4

dislocation 371:16

displeased 362:15

dispute 61:7,10,13, 16

disputes 16:16

distancing 7:9

distinction 23:25 52:3 164:19

distinctions 33:17

distinctly 392:4

District 8:13

diversion 208:16

divided 110:14 239:24

Division 8:14

docket 215:4 255:18

document 13:3,6 91:19 92:5 96:3 103:18 104:23 105:5, 10,16 136:11 139:22 140:8,12 141:4,10,16 144:3 147:16 151:22 153:6,15,22,23,24 154:5,11,18,24 155:3 156:24 159:21 197:13,14,16,17,25 198:12.15.17.23 199:3,4,10,14,17,25 200:3,18,22 201:3,6, 15.18 202:4 203:2 209:14,16,22 210:12, 15 211:24 212:4 213:21 214:3,6,12, 15,17,20,24 215:7,13 216:7 226:10,25 227:8,19 228:6 236:16,19 237:18 239:17 244:5 256:5,9 293:21.22 301:16 302:12 303:7 305:12, 21 320:14,16 338:14

documents 12:24 13:12,14,16,19 25:5 123:15,17 126:19 140:10 143:24 147:20,25 149:12 153:8 159:15 197:2 227:13 235:19 236:25 266:19 267:3, 7,9,14,18 291:9 294:2,4,6,8,11,14,17 296:21,22 322:11 364:18 377:10

dollar 253:21 288:12

dollars 253:24 260:19

Don- 68:19

Dondero 4:2 9:14 15:6 16:8 17:24 19:8, 12,25 20:9,13,18,24 21:4 42:9,17 43:15, 24 44:3,5 50:11,14,

Index: Dondero's..ensure

21,25 51:6,12 54:15, 17 55:2,7,11,19 56:2, 16,24 57:20,24 58:9 59:6 60:11,14,20 61:4,5,8,21 62:3,9,20 63:4,7,11 64:4,7,9, 10,13,16,21 65:3,5,9, 10,17,18 66:6,7,8 67:7,23 68:19,25 71:13 75:25 78:16,18 80:15 82:16,21,23 91:3 92:5 94:20 98:8 99:4,6,10,13,20,23 101:17 107:3,13,21 108:3,19 117:25 118:7 123:3 124:2 145:5,7,14 148:9,14 189:9,16 190:10,13, 17.25 191:3.9 193:20 194:19 201:14,21 205:9,14,24 206:6, 11,15,24 208:5,8 225:7,14,21 232:18 233:9,24 234:11,16, 22 235:5,7,9,22 236:9 239:2,5 241:8 242:8 243:8 262:6 263:6 271:25 273:2,5 275:25 280:19 282:16,22,25 283:14 284:4.18 285:3 287:5 288:24 289:4 290:6 300:11,24 301:16 303:16 317:5 318:3, 9,11,16 319:4,8,20 320:3 335:17,23 336:6 341:7,9 342:15 343:15,22 344:2,12, 22 350:6,11 362:10 363:6,19 365:3 366:2,20 368:11,22 381:9,10 382:12,18, 22 383:8 384:6,10 386:7,17,20 387:23 388:9,14 389:2,21 390:4,25 392:4 394:6

Dondero's 57:13 62:4,10 63:23 144:23 206:15 217:11 350:15

doubtful 244:9,17 245:25 246:7,17,23, 24 247:12,25 249:2 250:10,14 251:8,22 253:10 254:3 255:8, 15

draft 145:25 146:4 147:10,20 149:17 176:4 182:24 213:17 290:7,12,16 291:4,9 294:17 305:11,14 319:14

drafted 145:23 146:10 147:2,25 290:24 305:13 319:18

drafting 115:20 116:5 146:7 213:12, 13

drafts 230:22 322:3,8

dramatically 264:17

Draper 4:12 9:17

driver's 21:25

dropped 294:8,11,14 295:4

DSI 72:3 166:12 237:9,12 245:9,21 247:4 249:10 250:8 251:7 252:10 253:10 254:5,11,16,19,22 255:8,14,25 257:15, 18 259:12 309:21 312:7,11,21,23 313:5 348:3

DSI's 256:6

Dubel 233:21

due 7:7 8:18 50:3 55:17 56:18 58:2 59:15 63:10 106:21, 25 108:14 109:7,18 110:6 111:2,5,9,12, 23 112:18,24 113:19 114:19 115:3 119:3, 10,22 120:20 121:4 161:9 162:6 163:22 165:11 167:11 168:5 171:12 174:15 175:12 176:9 190:6 194:4 203:19 204:12, 16 205:2,13 208:8 211:12 212:10,11 220:23 223:6 234:23 240:10 259:19 260:11 262:7 266:24 271:21 274:14 275:7

335:12 337:3,25 338:24 347:8 355:25 356:22,24 357:11 359:2 360:16,17 361:24 364:3 377:12, 23 379:8 381:23 382:10 383:19 390:10 391:24

Dugaboy 4:10 9:18 42:23 43:6 65:11 100:18

duly 10:12

dump 267:3

Dustin 183:2,23 184:7

Dustin's 183:10

duties 25:17,19,22, 25 28:10 30:25 31:4 38:20 219:20 292:4

Ε

e.g 171:13

earlier 84:5 86:18 93:12 100:3,5 119:3 130:9 131:18 134:11 136:2 148:21 155:5 162:14 179:7.16 183:12 195:24 206:18 211:15 217:14 218:8 222:19 243:10 259:10 261:21 263:21 269:24 282:24 283:6 289:4,15,20 290:12 302:11 309:11,20 312:20 316:10,13 318:8 325:12 334:6, 14,20 337:18 351:2 357:8 362:25 368:24 370:8,18 371:15 378:5,20 379:4 380:12

earliest 314:8 316:6

early 19:5 173:17 231:22 254:20 323:6 340:21 341:5 344:17 365:20 388:4 390:17

earth 251:23

easier 305:5 373:13

East 8:23

easy 265:15

educate 204:9

educated 120:10

education 21:23 22:7

effect 282:16 294:25 344:23 345:4,17 346:11 351:13 363:8

effective 152:18,24

effectively 329:25

effectuate 57:8,12 63:22 360:15 382:9

effort 83:5 376:12,17

efforts 188:16

eight-figure 389:18

elaborate 26:12 281:4

electronic 299:2 320:15

electronically 298:21 299:23

320:14,17,23

element 365:23

Ellington 14:20,22 email 5:21 6:11 68:6

70:3 170:23 171:3,22 172:3 174:5 182:20 183:3,22 185:25 187:20 194:10 198:18 206:9,23 207:2,4,5,25 290:19, 25 291:4 292:16 293:14,22 294:2 307:23 313:11 316:22 320:24 321:3 329:6 330:7,13 331:11 332:3 341:17 342:3,7,13,23 350:14 387:11 392:22

emails 6:7,8,9 227:13 236:13 299:25 300:7,9 328:15 379:12 Emanuel 4:19 10:4

employed 14:2,6 23:3 27:15 30:7 32:10 34:7 89:21 240:25 322:9 330:14

employee 24:4 28:20,22 51:22 52:6, 17 70:24 71:7 72:12 115:22 172:17 184:21 325:19 388:12,16

employees 15:15, 19,23 39:12,19 40:6, 8,12 51:24 52:14,25 57:8,17 86:13 93:22 167:2 237:12 327:15 331:2 333:7,16 334:25 335:8 337:24 346:25 350:22 354:6 369:12 381:22 382:2, 5,8

employment 71:19 165:2,3 166:4 167:3 285:25

enabled 360:22

encompass 379:13

encourage 13:18 17:12

end 46:19,20 86:17 103:12,13 104:5 109:20 118:10 131:4 145:13 148:13 187:8 203:7 214:12 220:19, 22 221:6 222:12 223:4,14,17 224:13 242:23 262:15 265:3 293:3 326:11 329:18 348:16 352:7 367:23 379:16 380:9 381:23 382:10 383:20

ending 93:14 105:18 135:21 218:21 219:7, 16 221:15,21 242:17 258:21

ends 395:7,8

enforced 231:12

English 284:11

ensure 98:4 330:19 331:3 333:16 346:12

Index: ensuring..filed

348:4

ensuring 327:20

enter 122:21

entered 67:7 68:25 104:14,19 122:6 124:5

entire 19:7 192:13 253:19 264:4

entirety 130:12,15

entities 16:7 17:23 43:13 44:3 54:21,25 55:4 101:8,15 189:8 278:2 289:19 330:13 361:13 394:4

entities' 265:12

entitled 41:8 82:7 110:25 157:16

entity 15:5 22:20,25 27:18 31:11,23 32:3, 6,11 42:14 109:24 137:13 272:3 289:23 302:22 307:8

entries 240:19

entry 131:10 308:3, 14 311:9 332:23

environment 90:3,5, 9,14,20 113:6 137:18,20

environments 207:21

equal 49:11 50:23 262:7

equaled 263:7

equals 119:6,9

equity 273:18 281:25 282:3

erroneously 197:22

error 125:6,9 131:17, 24 132:3 145:8 165:9 213:12,14 214:5 273:11,14 275:14 276:8,25 277:5 278:5,15 280:12,22 283:3 289:6 318:15 385:9,14,19,23 **errors** 163:21 167:14 373:10

Esq 3:6,7,12,13,20, 21 4:4,5,11,18

established 94:2 285:14,20 300:25 301:7 310:16

estate 31:12,17 235:11,15

estimate 20:12 372:4 389:3

et al 5:15

evaluate 170:12,14

evaluated 244:10

evening 353:3

event 131:2 134:22 138:9 143:9

events 103:13 125:16,25 130:4,10, 21 133:8 138:5 242:22 262:14 263:4 370:24 371:7,9,13

exact 15:24 17:25 18:13,18,19,22 20:5 30:17 131:20 156:21 274:13 277:17 278:10

EXAMINATION 5:6, 7,8,9,10,11 10:14 266:13 352:25 377:5 387:19 393:19

examined 298:19

exceed 121:12 190:2 195:19 196:3

exceeded 93:25 194:2 196:9,17 204:19 211:3 301:9 303:9 307:9

Excel 368:19

exceptions 231:2

excerpts 238:16

excess 94:6 121:12 389:13,14

exchange 45:15 212:17 281:17,23

exchanged 45:21

exchanges 281:17

excuse 14:25 35:23 201:2 249:18 280:9 323:13 395:8

execute 48:14,22

executed 49:21 142:10 161:12 221:6 274:2 293:14 303:7

executing 317:16

execution 181:9 300:14

executive 35:10,11, 16 36:20,24 37:5,18 38:3,4,9,14,16,21 39:3 78:10 366:24 367:18 386:10

executives 369:3

exhibit 5:15,16,18, 20,21,22,23,25 6:2,4, 7,8,9,10,11,12,13 13:13 91:20,21 104:23,24 135:8,14, 15 140:12,13 142:15, 16 151:20,21 170:18, 19 197:3,9,15 198:2 214:7 215:22,23,25 216:3,4,5,7,8,12 218:13,16,17 226:23, 24 236:16,23 237:19 258:18 297:23 302:7, 8 303:14 305:5 306:7 307:18,21 309:2,6 313:9 317:12 328:10, 12.13 338:13.21 341:13.14

exhibits 267:10,11 268:9

exist 15:12 16:17 114:22

existence 67:15 69:18 80:16 81:6 99:14,20,24 102:3

exists 278:13

expanding 354:25

expect 247:19 293:19 333:15

expectation 231:5

expected 200:17,21 293:21

expects 203:18 212:9

experience 101:14 111:16 116:14 169:10 256:25 257:8 259:13 315:5 337:22

experienced 47:13

expert 43:5 143:19 153:7 183:9 257:14

explain 356:18

explained 364:17

explaining 163:15

explanation 308:20 311:8

expressly 390:4,25 391:12 392:5

extended 301:17 308:21 314:22

extension 307:8

extent 45:17 55:21 66:15 107:5 126:4 208:6 244:15 296:6 322:6

extra 219:23

F

face 50:23 120:11 144:16 244:3

face-to-face 293:8 294:5

facilitated 321:10

fact 62:7 192:20 236:21 264:24 266:25 275:7 298:4 301:15 313:19 334:22 338:23 341:10 343:19 363:12 394:5,7,17

facts 111:22 240:6 261:25 265:8 375:17

factual 164:9

fail 12:3 348:5

failed 338:23 340:2

fair 11:23 19:24 44:14 49:7 52:4 93:17 99:13 110:21 118:11, 21,24 119:6,8,9 120:3,15 121:5 126:8,21 141:18 143:23 149:20 224:6 239:16 240:18,21 241:17 242:6 243:5 244:13,20 245:19 260:10 261:15 262:7 263:5,15 264:25 287:21 370:21 371:18 372:5 374:10 390:2

faith 189:8,15 190:9, 12,19 191:3 193:19 194:20 205:8,14,23 206:14,23 208:5

familiar 22:20 31:22 32:3 54:6,9 226:13 227:8,18 274:6

fashion 86:11 276:16 357:14

fault 229:17 276:24 277:19

favor 60:6 62:19 139:17 161:24 261:9

feature 301:17 315:8

February 70:21 226:3,4 228:3,23 323:9

Federal 7:19

feel 81:8,18 176:25 273:13 287:16 371:21 376:11,16

fees 332:12 356:21, 23

fide 369:25

figure 343:10 366:12 367:5

file 167:8,13 297:2,10 337:8

filed 21:6 197:17 208:18 213:23 215:13 219:23

Index: files..funds

226:16 237:2,24 238:4 244:5 255:17 263:17,19 311:10 322:2,4,16,21 375:20

files 312:23 372:21

filing 45:25 240:4,17 246:3 249:9 256:20 264:15

filings 237:14

filled 257:13

finalized 88:7 89:12 230:23

finance 25:21 26:2,4, 8,17 28:15 38:23 127:25 128:16 129:6 280:7 290:14 351:3

financial 5:18 6:2 14:12 26:24 27:5 41:7 48:2 84:17,23 85:3,13,19 88:11 90:2,7 93:24 95:14 96:7 100:12 102:7, 10.12 104:21 105:17 107:22 112:2 113:7, 14 114:18 120:8,18 122:11 130:23 133:22,25 135:20 138:3,4,9 143:8 176:21,24 179:16,23 180:15 196:22 201:8 211:7,21 217:24 218:3,19,24 219:6 221:14 222:24 224:10 235:17 241:24 242:3.15.16 254:9 258:25 260:3 261:20 262:5 264:11, 13 270:10,14 271:2 286:18 301:11 302:19 306:4 311:25 312:5,6 370:9,12,17 378:24

financials 6:5 137:16 168:19 176:8, 16 179:8 186:15,16 187:2 189:23,25 200:10,12 218:12 241:13,15,21 242:2 246:9 247:5

find 53:23 268:10 283:17 315:4

fine 36:8,9 45:10 84:8 154:12 269:16 287:2 353:24

finish 11:21 12:2 76:18,24 249:19 295:11

fired 388:9

firm 10:21

fiscal 103:14 104:6 131:4

fit 42:24

flip 331:8 332:20

fluctuate 93:10

fluctuates 94:10

focus 242:14 313:3

folks 46:15,24 87:25 152:10 197:23 293:5 321:15

follow 61:17 151:15 391:18

follow-up 171:7

footnote 244:8 260:20,23 261:15,17 371:22

footnotes 261:17 263:11

forbearance 134:5, 16

forgave 49:23 51:23 52:12 93:20

forgivable 369:2

forgive 51:10,15,20 52:5 284:9

forgiven 52:18 53:11 94:11 366:23 367:23 369:13

forgiveness 52:22 93:23 94:8 365:23 369:16,20,24

forgot 282:8

form 20:4,20 22:14 25:15 29:21 31:16 33:9 34:20 40:10 41:4,12,24 42:11,12 43:17 50:6,7 52:8 53:18 54:8 55:10 56:11,25 58:25 59:19,25 60:7,15,17, 25 61:12 62:11 63:13,24 64:18,19 65:12,20 66:11,24 67:10,17,25 69:7 75:6,10 78:20 79:4, 14,20 80:2,12 82:24 83:25 85:15 86:2 91:4 94:3 96:11,20 97:5 99:17 107:15,16 108:5 110:11 111:24 112:20 113:20 114:20 115:5,7 117:6,18 119:12,13 120:16,17 122:10,16 124:6.23 127:19 132:16 133:23 134:8 142:5,7 143:10 144:8 145:2 146:13 147:5, 12 149:5,22 150:10, 17 153:18,19 154:2,4 155:11 156:17 158:15 159:17 160:2, 3,12,18,20 167:5 168:8 178:21 180:3, 5,11,13 181:5,11 183:15 184:6,20 185:2.18.24 191:5.23 193:21 194:5,6,23 195:21,22 196:5,12, 13.18 200:20 201:25 202:25 203:23 204:14,23 205:3,9, 11,15,16,25 206:8,21 208:10,12 209:9 210:24 211:4,13 212:13,21,22 213:11, 25 220:10,15 221:2 222:13 225:10,24 227:22 228:9 229:24 231:9,18 232:10 234:6 235:23 236:10 238:11 239:3,14,21, 22 240:16,23 242:24, 25 246:19,25 247:14, 15,16 248:4 249:5 250:11,22 251:11 253:12 254:6,7 255:11,23 256:18 257:6,11,15,20 260:14 262:19 263:9 265:4 269:7 270:15.

273:7 277:22 278:19 279:8 280:15,23 283:19 284:7,14 285:7,23 286:8,9 287:9,18,24 288:8,25 289:12 290:9,21 291:23 292:19 293:15,23 296:13 297:6 298:22 299:15 300:15 302:2,25 303:2,10,20 305:10 306:15,24 307:3,13 310:2,11,19,24 311:12 312:16,19 314:14 315:9,23 316:23 317:17,24 318:6,17,23 319:23 320:6,18 322:5,23 326:24 327:6.24 330:21 331:5 333:10, 18,20 334:10 335:4 336:14 338:3.5 339:16 340:18 341:3 342:21 345:12,19 346:22 347:14,19,21 348:10,11,12 351:15 353:11,15 354:4 355:5,9,15,21 356:3, 14 357:6,15,22 358:16,22 359:4,11 360:3,11,25 363:16, 22 364:10 365:6 366:15,25 367:16,25 369:4,8,17 370:3,25 371:10,25 372:22 373:4,20 374:11 375:3 376:20 379:10 380:25 381:14 384:13 386:14 388:19 389:5,15 391:4 393:24 394:10, 11,19

formal 231:20

format 293:14

forms 257:13

formulating 184:3

formulation 386:24

forthcoming 335:18

forward 79:17 376:25

found 53:17 66:12 125:6 140:15 394:8

Frank 5:5 8:10 9:11 10:11,18 271:4 305:8 395:14

frankly 232:2

Fred 249:21

Friday 208:18 329:18,25

front 110:12 122:12 140:16 279:21 281:7 294:9 301:11 302:9 305:4 309:7 343:6

frozen 144:9

frustration 364:17

full 189:8,15 190:9, 12,19 191:2 193:19 194:19 205:8,14,23 206:14,23 208:5 241:15 372:20

fully 13:4,7 17:4 364:19

fulsome 265:8

function 26:8,20 28:16 87:3 89:4 351:3

fund 3:18 9:22 22:21 33:23 35:2,6,18,19, 21 39:7 42:22 44:7 58:15 125:2,3,6,7,10, 11 127:10,13 145:16 152:14 176:18 202:14 203:14 215:14 273:17,23 274:16 275:2,4,6,8, 10,13 276:7,9,10 277:5,9,21 279:19 280:2 281:2,9,10,11, 12,13,15,20,23,25 282:7 283:23 308:4 325:22

fund's 274:23

funding 202:8

funds 32:22,25 33:2, 4,8,12,15,16,18,22 34:5,8,13,18,23 35:12,15,17,18 36:21,25 37:4,9,17 38:2,5,10,17,22 39:4 145:15 160:8 168:10 171:15 173:2,6,10,

22 271:8,18 272:9,17